

MUSINA LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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Annual Financial Statements

for

Musina Local Municipality

for the year ended 30 June: **2012**

Province:

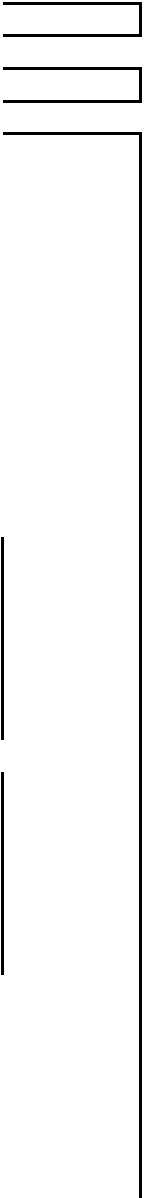
Limpopo

AFS rounding:

R'000 (i.e. to the nearest R100,000)

Contact Information:

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Name of Acting Chief Financial Officer:	T B Muluvhu
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Contact e-mail address:	godendaal@agsa.co.za
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Musina Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

General information

Members of the Council

Appointment Date

C M Phiri	Mayor	19/05/2011
C M Phiri	Speaker	19/05/2011
S F L Ndlovu	Member of the Executive Committee	19/05/2011
J Banda	Member	19/05/2011
M E Ramayada	Member	19/05/2011
E S Shirilele	Member	19/05/2011
M F Mafela	Member	19/05/2011
S M Phiri	Member	19/05/2011
L B Ndou	Member	19/05/2011
G N Milanzi	Member	19/05/2011
S J Kaunda	Member	19/05/2011
P S Tlou	Member	19/05/2011

Acting Municipal Manager

S S Razwiedani

Acting Chief Financial Officer

T B Muluvhu

Grading of Local Authority

03

Auditors

Auditor-General

Bankers

ABSA

Musina Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

General information (continued)

Registered Office: Musina Municipality

Physical address:

Civic Centre
21 Irwin Street
Musina
0900

Postal address:

Private bag X611
Musina
0900

Telephone number: 0155346100

Fax number: 0155342513

E-mail address: msnaexp@limpopo.co.za

APPROVAL AND CERTIFICATION

I am responsible for the preparation of these annual financial statements in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 23 and 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

**_____
ACTING MUNICIPAL MANAGER
S S RAZWIEDANI**

DATE

Musina Local Municipality
STATEMENT OF FINANCIAL POSITION

as at 30 June 2012

	Note	2 012	2 011
ASSETS			
Current assets			
Cash and cash equivalents	15	1 777 238	6 107 151
Trade and other receivables from exchange transactions	13	8 687 772	7 866 689
Other receivables from non-exchange transactions	14	18 422 122	9 384 979
Inventories	12	85 057 056	84 850 060
Investments	11	6 396 945	3 878 745
VAT receivable	37	228 601	-
Non-current assets			
Property, plant and equipment	8	295 937 474	304 523 877
Intangible assets	9	51 933	86 681
Investment property	10	69 477 940	35 241 000
Total assets		486 037 081	451 939 182
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	7	40 845 197	48 164 243
Consumer deposits	4	4 446 606	3 263 661
VAT payable	36	-	1 353 084
Taxes and transfers payable (non-exchange)	38	16 483 541	9 631 666
Current provisions	6	7 726 909	4 881 205
Current portion of unspent conditional grants and receipts	35	113 827	3 632 059
Current portion of borrowings	2	1 348 428	1 232 295
Current portion of finance lease liability	3	550 286	471 093
Non-current liabilities			
Non-current borrowings	2	16 677 041	12 907 002
Non-current finance lease liability	3	680 965	618 876
Non-current provisions	5	2 338 162	2 087 994
Post-retirement medical aid benefits	49	5 294 162	3 243 192
Total liabilities		96 505 124	91 486 371
Net assets		389 531 956	360 452 811
NET ASSETS			
Reserves		-	63 350 653
Accumulated surplus / (deficit)		389 531 956	297 102 159
Total net assets		389 531 956	360 452 812

STATEMENT OF FINANCIAL PERFORMANCEfor the year ended
30 June 2012

		Actual 2012	Actual 2011
REVENUE			
	Note		
Property rates	16	10 945 902	10 452 708
Service charges:	17	77 158 091	60 670 785
Rental of facilities and equipment	18	206 071	995 265
Fines		2 201 900	1 434 843
Licenses and permits		2 923 496	2 361 496
Government grants and subsidies received - operating	19	29 948 000	27 795 257
Government grants and subsidies received - capital	19	15 557 232	11 473 601
Other income	20	9 034 705	14 208 326
Gain on Non exchange transactions		-	158 500
Investment Revenue – external investments	21	545 518	169 602
Interest earned – outstanding receivables	22	1 564 984	1 447 505
TOTAL REVENUE		150 085 900	131 167 888
EXPENDITURE			
Employee related costs	23	42 248 843	32 640 844
Remuneration of councillors	24	3 396 313	2 975 719
Bad debts		976 392	3 646 241
Collection costs		52 339	16 527
Depreciation and amortisation expense	25	18 527 847	21 602 578
Repairs and maintenance	26	22 792 621	4 422 977
Finance cost	27	2 065 001	1 606 744
Bulk purchases Electricity	28	37 490 020	30 105 151
Contracted services	29	4 106 102	2 290 430
Grants & Subsidies paid	30	4 409 231	5 584 866
General expenses	31	26 999 635	25 540 919
Disposal of property, plant and equipment		-	1 932
TOTAL EXPENDITURE		163 064 344	130 434 929
Surplus/(deficit) for the year		(12 978 445)	732 959
NET SURPLUS/(DEFICIT) FOR THE YEAR		(12 978 445)	732 959

STATEMENT OF CHANGES IN NET ASSETS for the year ended 30 June 2012				
	Nota	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
2010				
Correction of error		-	-	-
Changes in accounting estimate		-	-	-
Restated balance		82 528 503	103 519 893	186 048 394
Correction of prior period error			(5 211 627)	
Balance at 30 June 2010		63 859 283	80 978 917	150 049 829
2011				
Balance at 30 June 2010		63 859 283	80 978 917	150 049 829
Restated balance				
Surplus / (deficit) for the period		-	732 959	732 959
Revualiation Reserve		(508 630)		(508 630)
Re instated Property Plant Equipment depreciation	32		14 465 367	
Re instated Property Plant Equipment	32		198 337 523	198 337 523
Zelpy transfer			2 587 387	2 587 387
			-	
Balance at 30 June 2011		63 350 653	297 102 152	351 199 073
2012				
Surplus / (deficit) for the period			(12 978 445)	(12 978 445)
Revualiation Reserve		(63 350 653)	63 350 653	-
Fair value adjustment - Investment property			34 236 940	
Corrections prior year			7 820 656	7 820 656
Balance at 30 June 2012		-	389 531 957	346 041 284

CASH FLOW STATEMENT
for the year ended
30 JUNE 2012

	Note	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts		149 152 098	130 065 447
Sales of goods and services		87 170 191	70 179 552
Grants		45 505 232	39 268 858
Interest received		2 110 502	1 617 107
Other receipts		14 366 173	18 999 930
Payments		(140 176 373)	(104 599 421)
Employee costs		(45 645 156)	(35 616 563)
Suppliers		(88 056 984)	(61 791 247)
Interest paid		(2 065 001)	(1 606 744)
Other payments		(4 409 231)	(5 584 866)
Net cash flows from operating activities	33	8 975 724	25 466 026
CASH FLOW FROM INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment		(9 071 188)	(16 184 299)
Net cash flows from investing activities		(9 071 188)	(16 184 299)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(decrease) in long term loans/lease		(4 027 453)	(4 266 288)
(Increase)/decrease in inventories		(206 996)	(14 262)
Net cash flows from financing activities		(4 234 449)	(4 280 550)
Net increase / (decrease) in net cash and cash equivalents		(4 329 912)	5 001 177
Net cash and cash equivalents at beginning of period		6 107 151	1 105 974
Net cash and cash equivalents at end of period	15	1 777 238	6 107 151

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
30 JUNE 2012

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early

GRAP 8 Interest in Joint Ventures - issued August 2006

GRAP 18 Segment Reporting - issued March 2005

GRAP 21 Impairment of Non-Cash Generating assets

GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February

GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007

GRAP 25 Employee Benefits

GRAP 103 Heritage Assets - issued July 2008

GRAP 104 Financial Instruments - issued unknown

GRAP 105 Transfer of functions between entities under common control - issued unknown

GRAP 106 Transfer of functions between entities not under common control - issued unknown

GRAP 107 Mergers - issued unknown

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality

IAS 19 Employee Benefits - effective 1 January 2005

IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2005

Impact on the municipality's financial statements once implemented

It is unlikely that the standards will have a material impact on the municipality's annual financial statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
30 JUNE 2012

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL LAND

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment except for land, are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated at historical cost, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
30 JUNE 2012

Infrastructure	
Infrastructure Assets	<u>Years</u>
Roads, pavement, double seals, road signs and Roadmarkings	40-15
Street names, signs and parking meters	5
Car parks, bus terminals and taxi ranks	20
Electricity - Mass lights	15
Electricity - Transformers	15
Electricity - Street lights	15
Housing	30
Street lighting	25
Refuse sites	30
Community Assets	
Parks and gardens	30
Sport fields	30
Community halls	30
Libraries	30
Recreation facilities	30
Clinics	30
Fire services	30
Cemeteries	30
Other Assets	
Motor vehicles	5
Plant and equipment	5
Security measures	3
Buildings	30
IT equipment	3
Office equipment	5

Land is not depreciated as it is regarded as having an infinite life

The useful life of an item of property plant and equipment is reviewed periodically and, if expectations are significantly different from previous estimates, the depreciation charge from the current and future periods gets adjusted. During the items property, plant and equipment useful life was assessed and increased by additional three(3) years.

Impairment

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified, except where the impairment reverses a previous revaluation

Where the carrying amount of an item of property, plant and equipment is larger than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

The testing for and impairing of any items of property, plant and equipment were accounted during the current year as the municipality must comply with GRAP 17 fully

Disposal of property, plant and equipment

- The book values of assets are written off on disposal
- The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the Statement of Financial Performance.

During the current year, the municipality has unbundled the infrastructure assets as required by GRAP 17

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
30 JUNE 2012

2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS**3.1 INITIAL RECOGNITION**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential

Intangible assets are initially recognised at cost

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

After initial recognition, an intangible asset is carried at its cost less any accumulated impairment losses and amortisation. Amortisation is charged on a straight-line basis over their useful life which is estimated to be between 3 and 5 years. The useful life of an intangible asset is the period over which that asset is expected to be available for use of by the municipality. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, but are tested for impairment annually and impaired if necessary.

Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation

The estimated useful life and amortisation methods are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively

Intangible assets are recognised at cost. Cost is defined as the amount of cash or cash equivalents paid or the fair value of the other considerations given to acquire the asset at the time of its acquisition or construction. Only cost incurred on computer software and websites that meet the definition of an intangible asset are recognised as permitted in terms of Directive 4. All other cost incurred on intangible assets during the exemption period has been expensed.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
30 JUNE 2012

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software

3-5

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property held to earn income, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion

The process for identifying investment property had not been finalised and items that may meet the definition was accounted for in terms of GAMAP 17 under property, plant and equipment .

An asset is derecognised when it is disposed off or when no future economic benefits or service potential is expected. Any gain or loss is recognised in surplus or deficit,

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

4.3 DERECOGNITION

When the investment property is permanently withdrawn from use and no future economic benefits or service potential is expected from its disposal. A disposal can be, for example, when an asset is: sold, donated, transferred, etc. The gain or loss is recognised in surplus or deficit when the asset is derecognised.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
30 JUNE 2012

5 INVENTORIES

5.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

5.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method

6 FINANCIAL INSTRUMENTS

6.1 INITIAL RECOGNITION

Financial instruments are initially measured at fair value.

6.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

6.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
30 JUNE 2012

6.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

6.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

6.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

6.3 DERECOGNITION

A financial asset or the specifically identified cash flows of an asset is derecognised when:

- a) The cash-flows from the asset expire, are settled or waived
- b) Significant risks and rewards are transferred to another party; or
- c) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

6.4 GAINS AND LOSSES

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value shall be recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

6.5 OFFSETTING

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
30 JUNE 2012

6.6 IMPAIRMENTS

All financial assets measured at amortised cost, or cost are subject to an impairment review. The Economic Entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets held at amortised cost:

The Economic Entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it will include the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date on which the impairment is reversed. The amount of the reversal shall be recognised in surplus or deficit.

For financial assets held at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

7 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

8 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
30 JUNE 2012

10 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

11 LEASES**11.1 MUNICIPALITY AS LESSEE**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
30 JUNE 2012

12 REVENUE

12.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. The estimates of consumption between meter readings are based on 3 month average usage

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale

Service charges relating to refuse removal are recognised on a monthly basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Revenue from rates including collection charges and penalty interest, shall be recognised when all the following conditions have been satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- There has been compliance with the relevant legal requirements.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Interest revenue is recognised on a time proportion basis

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the group.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
30 JUNE 2012

12.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use

Government grants are recognised as revenue when

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

Other grants and donations received

Other grants and donations shall be recognised as revenue when

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment are brought into use

Revenue from public contributions is recognised when all conditions have been met or where the contribution to property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Where public contributions have been received but the conditions were not met, a liability is recognised.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
30 JUNE 2012

13 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred

14 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The municipality contributes towards retirement benefits of its employees and councillors to the under-mentioned pension funds:

- Joint Municipal Pension Fund
- Municipal Employees Pension Fund
- Municipal Gratuity Fund
- SALA Pension Fund
- National fund for Municipal workers

Councillors are members of the Municipal Councillor's Pension Fund that was established in terms of the Remuneration of Public Office Bearers Act 1998 (Act 20 of 1998)

a) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate as part of cost of employment.

15 EMPLOYEE BENEFITS

Remuneration to employees is recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs.

The costs of all short-term employee benefits, such as leave pay, are recognised in the period the employee renders the related service.

Leave pay accrual

The liability is based on the total amount of leave days due to the employees on the reporting date and on their total remuneration package.

Provision for Performance Bonuses

A provision in respect of the liability relating to the anticipated costs of 13th cheque bonuses payable to all employees is maintained. Where performance appraisals have not yet been performed at year-end, a performance bonus provision is raised based on the employment contract stipulations and previous performance bonus payment trends.

Long service awards

Employees, who have completed 10 years' unbroken service, are entitled to receive a once-off cash award. The cash award is included in the employee's salary in the month of the service anniversary.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
30 JUNE 2012

16 IMPAIRMENT OF ASSETS

16.1 IMPAIRMENT OF ASSETS - NON - CASH GENERATING ASSETS

Those assets held by the Municipality without an intention of generating a commercial return from such asset. The Municipality assesses at each reporting date whether any indications exist that an asset may be impaired. When such an indication exists, the Municipality estimates the recoverable service amount of the asset.

The recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. The value in use is determined by using either the depreciated replacement cost, restoration cost or service unit approach, depending on the availability of data and the nature of the impairment. If the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired. An impairment loss is recognised immediately in surplus or deficit.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset and accounts for the reversal of impairment loss if necessary. The increase in carrying amount of an asset due to the reversal of impairment loss should not exceed what the asset's original carrying would have been if no impairment loss were recognised.

16.2 IMPAIRMENT OF ASSETS - CASH GENERATING ASSETS

Those assets held by the Municipality for the purpose of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated Municipality, it generates a commercial return.

The Municipality assesses at each reporting date whether there is any indication that an asset or cash-generating unit to which an asset belongs to may be impaired. When such an indication exists, the Municipality estimates the recoverable amount of the asset. The recoverable amount is the higher of the cash-generating asset's fair value less costs to sell and its value in use. The value in use is determined as the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

The future expected cash flows are discounted at a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. If the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired. An impairment loss is recognised immediately in surplus or deficit.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable amount of that asset and accounts for the reversal of impairment loss if necessary. The increase in the carrying amount of an asset due to the reversal of an impairment loss should not exceed what the carrying amount would have been if no impairment loss had been recognised.

17 COMMITMENTS

The commitments disclosed in the disclosure note are the aggregate amount of capital and current expenditure approved and contracted for at the reporting date, to the extent that the amount has not been recorded in the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
30 JUNE 2012

18 RELATED PARTIES

The Municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national/provincial/local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that member of management in their dealings with the Municipality.

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another Municipality or person are disclosed.

19 BUDGET INFORMATION

Municipality is typically subjected to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar measures. General purpose financial reporting by municipalities must provide information on whether resources were obtained and used in accordance with the legally adopted budget. The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements. Refer t appendix ???.

20 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these financial statements in conformity with GRAP required the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the musina's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to the financial statements where applicable.

21 PROVISION FOR LANDFILL SITE

The municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the net present value of cost. The cost factor as determined, have been applied and projected at an inflation rate of 11.50 %, and discounted to the present value at the average borrowing cost of 10%

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

2 BORROWINGS

	2012	2011
Annuity loans (DBSA)	18 025 469	14 139 297
Lease Liability (BANKFIN))	-	-
Sub-Total	18 025 469	14 139 297
Less: Current portion transferred to current liabilities [DBSA]	(1 348 428)	(1 232 295)
Total External Loans	16 677 041	12 907 002

The average IOAN term is 10 years and the average effective borrowing rate is 10%. Interest rates are fixed at the contract date. Refer to Appendix A for more detail on long term liabilities.

3 FINANCE LEASE LIABILITY

2012	Minimum lease payment	Future finance charges	Present value of minimum lease payments
Amounts payable under finance leases			
Within one year	637 172	(86 886)	550 286
Within two to five years	770 584	(89 619)	680 965
	1 407 756	(176 505)	1 231 251
Less: Amount due for settlement within 12 months (current portion)			(550 286)
			680 965

The average lease term is 5 years and the average effective borrowing rate is 8.50%. Interest rates are fixed at the contract date. Leases have fixed repayment terms per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

2011	Minimum lease payment	Future finance charges	Present value of minimum lease payments
Amounts payable under finance leases			
Within one year	546 742	(75 649)	471 093
Within two to five years	653 636	(34 760)	618 876
	1 200 378	(110 409)	1 089 969
Less: Amount due for settlement within 12 months (current portion)		-	(471 093)
			618 876

The average lease term is 5 years and the average effective borrowing rate is 8.50%. Interest rates are fixed at the contract date. Leases have fixed repayment terms per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

Refer to Appendix A for more detail on long term liabilities.

4 CONSUMER DEPOSITS

	2012	2011
Opening Balance	3 263 661	2 799 762
Electricity	1 126 498	408 539
Other	56 447	55 360
Total consumer deposits	4 446 606	3 263 661

Guarantees held in lieu of electricity deposits	608 424	1 336 621
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NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

5 NON-CURRENT PROVISIONS	2012	2011
The movement in the non-current provision is reconciled as follows: -		
Provision for rehabilitation of landfill sites:		
Balance at the beginning of year	(2 087 994)	(1 668 103)
Contributions to provision	(250 169)	(419 891)
Balance at the end of year	<u>(2 338 162)</u>	<u>(2 087 994)</u>
The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 11.5% Over an average period of 8 years		
6 CURRENT PROVISIONS	2012	2011
Provision for bonus	1 059 810	-
Current portion of long-service provision	2 306 808	1 413 647
Provision for leave	4 360 291	3 467 558
Total Provisions	<u>7 726 909</u>	<u>4 881 205</u>
Long service award projections/provisions is an actuarial assumption. This is the total value of the long service awards that were expected to be awarded to eligible employees over the year based on the data at the previous valuation date.		
<i>Refer to note 52 for more details about provision for long service</i>		
The movement in current provisions are reconciled as follows: -	Provision for leave	Provision for long service award
as at 1 July 2011	3 467 558	1 413 647
Contributions to provision	1 159 704	1 045 357
Expenditure incurred	(266 971)	(152 196)
as at 30 June 2012	<u>4 360 291</u>	<u>2 306 808</u>
as at 1 July 2010	4 255 361	179 508
Contributions to provision	(1 316 648)	1 423 310
Expenditure incurred	528 845	(189 171)
as at 30 June 2011	<u>3 467 558</u>	<u>1 413 647</u>
7 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	2012	2011
Trade payables	816 746	943 304
Amounts received in advance : Consumer Debtors	1 189 244	1 162 537
Creditors provision	19 099 070	24 506 551
Other payables	483 062	473 443
Bank credit facility	93 125	
Vhembe District Municipality	11 719 542	12 722 187
Retentions	602 138	1 014 540
Solly Noor	4 360 702	4 860 112
Fencing Cemetery	2 481 568	2 481 568
Sub Total		
Total trade and other payables from exchange transaction	<u>40 845 197</u>	<u>48 164 243</u>
The fair value of trade and other payables approximates their carrying amounts		

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

8 PROPERTY, PLANT AND EQUIPMENT

8.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R
as at 1 July 2011	40 352 300	29 182 542	213 687 596	15 295 624	6 005 815	-	304 523 877
Cost	40 352 300	35 110 265	244 259 880	15 492 847	19 936 680	-	355 151 972
Accumulated depreciation and impairment losses	-	(5 927 723)	(30 572 284)	(197 224)	(13 930 865)	-	(50 628 096)
Acquisitions	-	2 305 697	-	5 662 357	1 103 134	-	9 071 188
Depreciation	-	(865 566)	(15 164 726)	(357 575)	(2 105 232)	-	(18 493 099)
Carrying value of disposals	-	-	-	-	834 451	-	834 451
Disposal accumulated depreciation	-	-	-	-	6 837 411	-	6 837 411
Disposal cost	-	-	-	-	(6 002 960)	-	(6 002 960)
as at 30 June 2012	40 352 300	30 622 673	198 522 870	20 600 405	5 839 226	-	295 937 474
Cost	40 352 300	37 415 962	244 259 880	21 155 204	15 036 854	-	358 220 200
Accumulated depreciation and impairment losses	-	(6 793 289)	(45 737 010)	(554 798)	(9 197 628)	-	(62 282 725)

Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R
as at 01 July 2010	40 217 430	29 792 147	228 523 833	6 116 692	6 207 958	791 315	311 649 375
Cost	40 217 430	35 116 490	28 533 720	7 628 745	13 399 097	2 877 278	127 772 760
Correction of error (note 32)	-	(307 453)	213 024 474	(1 123 005)	1 054 783	-	212 648 799
Accumulated depreciation and impairment losses	-	(5 016 890)	(13 034 361)	(389 048)	(8 245 922)	(2 085 963)	(28 772 184)
Acquisitions	158 500	301 228	2 734 325	3 051 342	2 228 768	-	8 474 162
Capital under Construction	-	-	-	5 935 765	-	-	5 935 765
Depreciation	-	(1 394 074)	(1 546 739)	-	(3 886 308)	(275 342)	(7 102 463)
Correction of error (note 32)	-	483 241	(16 094 889)	191 824	954 455	-	(14 465 369)
Carrying value of disposals	-	-	-	-	-	(391 788)	(415 418)
Cost	(23 630)	-	-	-	-	(1 408 381)	(1 432 011)
Accumulated depreciation and impairment losses	-	-	-	-	-	1 016 593	1 016 593
Transfers	-	-	-	-	364 045	-	364 045
as at 30 June 2011	40 352 300	29 182 542	213 687 596	15 295 624	6 005 815	-	304 523 877
Cost	40 352 300	35 110 265	244 259 880	15 492 847	19 936 680	-	355 151 972
Accumulated depreciation and impairment losses	-	(5 927 723)	(30 572 284)	(197 224)	(13 930 865)	-	(50 628 096)

Refer to Appendix C for more detail on property, plant and equipment

The Municipality itemized all infrastructure and community assets and recalculate accumulated depreciation. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. An assessment of impairments was done by 30 June 2011. The unbundling was performed during the current year by the professional engineer of Nemurango consulting engineers

8.2 Changes in accounting estimate

GRAP 17 Paragraph 61 state that the residual value and the useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Reassessment

Vehicles	4 347 451
Plant & equipment	2 368 298
Office equipment	2 900 147
Bins and Containers	1 463 220
Furniture and Fittings	1 771 132
Truvello Radar	2 342
Infrastructure	1 555 767
	<u>14 408 357</u>

R1 Valued Items

Vehicles	849 312
Plant & equipment	4 242
Office equipment	148 230
Bins and Containers	-
Furniture and Fittings	53 000
Truvello Radar	-
Infrastructure	37 539
Total Cost	<u>1 092 323</u>
Net impact to the Accumulated surplus	<u>1 092 323</u>

Musina Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

9 INTANGIBLE ASSETS

9.1 Reconciliation of carrying value

Computer Software

Total

as at 1 July 2011

86 681

86 681

Cost

157 561

157 561

Accumulated amortisation and impairment losses

(70 880)

(70 880)

Amortisation

(34 748)

(34 748)

as at 30 June 2012

51 933

51 933

Cost

157 561

157 561

Accumulated amortisation and impairment losses

(105 628)

(105 628)

10 INVESTMENT PROPERTY

10.1 Reconciliation of carrying value

as at 1 July 2011

35 241 000

35 241 000

Cost

35 241 000

35 241 000

as at 30 June 2012

69 477 940

35 241 000

Fair value adjustment

34 236 940

Cost

35 241 000

35 241 000

Investment property carried at fair value

The effective date of the revaluations was 01 July 2007 with annual interim valuations. Revaluations were performed by an independent valuer, Mr Thinus Nel from DDP Valuers. Mr Nel is not connected to the entity and have recent experience in location and category of the investment property being valued. The valuation was based on open market value for existing use.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

11 INVESTMENTS	2012	2011
		R
Opening Balance	3 878 745	1 507 829
ABSA Bank Movement	2 518 200	2 370 917
Shares		
Opening Balance	-	503 816
De-registered 30/06/2011		(503 816)
Total Investments	6 396 945	3 878 745
A repayment of asset amounting to R6 396 945 has been pledged with ABSA Bank as security for Eskom guarantee.		

	2012	2011
		R
12 INVENTORIES	85 057 056	84 850 060
12.1 INVENTORY CONSUMABLE		
Opening balance of inventories:	1 316 240	1 601 226
Additions:		
Consumable stores	737 640	174 745
Maintenance materials	978 110	1 325 368
Other	254 530	802 185
Total Additions	1 970 280	3 903 524
Issued (expensed):		
Consumable stores	(780 559)	(173 228)
Maintenance materials	(982 726)	(1 171 401)
Transfer Water [Vhembe]		(68 079)
Other	-	(1 174 577)
Total Issued (Expensed)	(1 763 285)	(2 587 284)
Sub Total:	1 523 235	1 316 240
12.2 INVENTORY MUNICIPAL PROPERTY		
Opening balance of inventories:	83 533 820	80 113 120
Unsold Municipal land		3 420 700
Sub Total	83 533 820	83 533 820

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

TRADE AND OTHER RECEIVABLES FROM EXCHANGE

13 TRANSACTIONS

Trade receivables

Gross Balance	Provision for Bad Debt	Net Balance
---------------	------------------------	-------------

30 June 2012

Service debtors:

Property rates

Electricity

Refuse

Other

Bad debts written off

Total

18 130 354	9 303 995	8 826 359
9 200 897	4 721 645	4 479 252
2 636 614	1 353 037	1 283 577
4 000 850	2 053 125	1 947 725
2 291 993	1 176 187	1 115 806
(138 587)		-
17 991 767	9 303 995	8 687 772

Contribution to bad debt provision

Debt written off for the year

Property rates

Electricity

Refuse

Other

138 587

18 342

22 104

62 976

35 165

Gross Balance	Provision for Bad Debt	Net Balance
---------------	------------------------	-------------

30 June 2011

Service debtors:

Property rates

Electricity

Refuse

Other

Total

16 318 082	8 451 392	7 866 689
8 109 096	3 533 659	4 575 437
1 995 106	1 067 138	927 968
3 866 311	3 242 305	624 006
2 347 569	608 290	1 739 279
16 318 082	8 451 392	7 866 689

Contribution to bad debt provision

Debt written off for the year

Property rates

Electricity

Refuse

Other

246 266

20 898

778

96 131

128 459

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

	2012	2011
Property Rates - Ageing		
Current	92 755	423 586
30 days	405 720	322 380
31–60 days	335 600	295 812
61–90 days	293 119	345 113
91–120 days	273 848	222 934
121–150+ days	7 799 856	6 499 271
Sub-total	9 200 897	8 109 096
Electricity - Ageing		
Current	137 524	555 711
30 days	560 419	239 088
31–60 days	405 356	133 169
61–90 days	176 104	99 095
91–120 days	147 563	90 348
121–150+ days	1 209 648	877 696
Sub-total	2 636 614	1 995 106
Refuse		
Current	18 318	222 180
30 days	188 404	139 075
31–60 days	154 271	126 922
61–90 days	135 503	127 110
91–120 days	125 017	99 757
121–150+ days	3 379 338	3 151 267
Sub-total	4 000 850	3 866 311
Property Rental		
Current	18 335	9 802
30 days	5 033	4 414
31–60 days	7 484	5 054
61–90 days	6 010	5 162
91–120 days	5 568	7 334
121–150+ days	134 280	99 249
Sub-total	176 710	131 016
Loans		
Current	88	244
30 days	144	69
31–60 days	144	156
61–90 days	144	238
91–120 days	144	62
121–150+ days	168 237	173 878
Sub-total	168 901	174 647
Legal Fees		
121–150+ days	-	44 234
Sub-total	-	44 234

**NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012**

	2012	2011
Sundry Debtors		
Current	191 897	1 322
30 days	1 696	1 128
31–60 days	20	1 174
61–90 days	29 054	1 304
91–120 days	133	1 052
121–150+ days	689 662	103 069
Sub-total	912 462	109 049
Other		
Current	5 995	1 342 161
30 days	10 197	41 543
31–60 days	186 876	(5 704)
61–90 days	5 157	(30 813)
91–120 days	5 483	(15 129)
121–150 days	820 213	802 831
Sub-total	1 033 920	2 134 889
Total consumer debtors	18 130 354	16 564 348
Bad debts written off	(138 587)	(246 266)
	17 991 767	16 318 082
Made up as follows:		
Current	464 911	2 555 006
30 days	1 171 612	747 697
31–60 days	1 089 751	556 584
61–90 days	645 091	547 208
91–120 days	557 756	406 358
121–150 days	14 201 233	11 751 495
Total	18 130 354	16 564 348
Bad debts written off	(138 587)	(246 266)
	17 991 767	16 318 082

DEBTORS BY CONSUMER CLASSIFICATION

	2012	2011
Sundry Debtors	224 139	523 461
Agricultural	6 667 421	2 991 380
Business	2 009 362	2 008 345
Educational	315 599	180 450
Industrial	717 785	438 477
Mine	12 442	-
Residential	7 408 721	9 368 372
Residential 4	58 534	123 339
Churches	196 594	301 521
Special	29 225	33 611
State Property	351 944	349 127
Total	17 991 767	16 318 081

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

Reconciliation of the doubtful debt provision**2012****2011**

Balance at beginning of the year

8 451 392

5 057 109

Contributions to provision

976 392

3 646 241

Doubtful debts written off against provision

(138 587)

(246 266)

Correction of provision

14 798

(5 692)

Balance at end of year**9 303 995****8 451 392**

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

	2012	2011
14 OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS		
Sundry debtors	64 940	64 940
RD Cheques	13 500	30 094
Vhembe District	12 271 674	5 282 671
Unmetered consumptions	933 802	943 942
Cutt off revenue billing elec	4 007 722	3 012 962
Sunlyn Rentals	-	33 074
Other	1 130 484	17 296
Total Other Debtors	18 422 122	9 384 979
15 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash at bank	1 777 238	6 107 151
	1 777 238	6 107 151
The Municipality has the following bank accounts: -		
<u>Current Account (Primary Bank Account)</u>		
Absa Bank Limited - Musina Branch: Account Number 2050 550 179		
Cash book balance at beginning of year	6 102 801	1 103 688
Cash book balance at end of year	1 772 793	6 102 801
Bank statement balance at beginning of year	6 125 687	1 103 688
Bank statement balance at end of year	1 776 830	6 125 687
<u>Current Account (Other Account)</u>		
Absa Bank Limited - Musina Branch: Account Number 4074881456		
Cash book balance at beginning of year	4 349	6 562
Cash book balance at end of year	4 446	4 350
Bank statement balance at beginning of year	4 349	6 562
Bank statement balance at end of year	4 446	4 349

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

16 PROPERTY RATES

REVENUE	2011/2012	2010/2011
Residential	4 574 450	4 360 613
Agricultural	3 037 685	944 006
Commercial	2 894 040	4 756 037
Industrial	439 727	392 053
TOTAL REVENUE	10 945 902	10 452 708
VALUATIONS		
Residential	706 516 700	703 344 700
Business	245 772 800	245 798 450
Right of way	1 089 740	1 089 740
Industrial	57 710 000	57 710 000
Government	103 603 000	103 603 000
Public Open Spaces	1 000 000	1 000 000
Educational	22 130 000	22 130 000
Municipal	99 076 600	99 201 600
Churches	17 917 000	17 877 000
Institutional	385 000	385 000
Special	1 420 000	1 420 000
Agricultural	1 231 929 000	1 205 401 000
TOTAL VALUATION	2 488 549 840	2 458 960 490

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2007. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of R0.009666 is applied to property valuations to determine assessment rates. Rates are levied on an annual basis on state and De Beers property owners, or rates are levied monthly. Interest at prime + 1% per annum are levied on outstanding rates. Permission was granted to the municipality to extend the valuation roll with one year until 30 June 2012

17 SERVICE CHARGES

	2012	2011
Sale of electricity	69 669 162	53 696 906
Unmetered Consumptions	933 802	943 942
Refuse removal	6 555 128	6 029 938
Total service charges	77 158 091	60 670 785

18 RENTAL OF FACILITIES AND EQUIPMENT

	2012	2011
Rental of facilities	206 071	995 265
Total rentals	206 071	995 265

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2012		
	2012	2011
19 GOVERNMENT SUBSIDIES & GRANTS		
GOVERNMENT SUBSIDIES & GRANTS - OPERATING	<u>29 948 000</u>	<u>27 795 257</u>
Equitable share	27 908 000	24 045 257
Finance management grant (FMG)	1 250 000	3 000 000
Municipal systems improvement grant (MSIG)	790 000	750 000
<i>Equitable Share</i>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy R26 489 000 which is funded from the grant.		
GOVERNMENT SUBSIDIES & GRANTS - CAPITAL	<u>15 557 232</u>	<u>11 473 601</u>
Municipal infrastructural grant (MIG)	15 557 232	11 473 601
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.		
19.1 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Municipal infrastructural grant (MIG)		
Balance unspent at beginning of year	3 632 059	5 054 087
Current year receipts	12 039 000	7 130 000
Conditions met – transferred to revenue	(15 557 232)	(8 552 028)
Total	<u>113 827</u>	<u>3 632 059</u>
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.		

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2012		
	2012	2011
20 OTHER INCOME		
Library/Cemetery	91 913	94 239
Sale of erven	8 484 366	13 580 114
Tenders	47 500	22 772
Commission Old Mutual	5 549	3 505
Donations / Others	255 941	295 064
Clearance Certificates	31 732	33 795
Building Plans	117 703	178 836
Total Other Income	9 034 705	14 208 326
21 INTEREST EARNED - EXTERNAL INVESTMENTS	2012	2011
Bank (current account)	94 292	50 086.56
External investments [Bank guarantee]	268 199	119 515.42
Other accounts	183 026	-
Total	545 518	169 602
22 INTEREST EARNED - OUTSTANDING RECEIVABLES	2012	2011
Debtors	1 564 984	1 447 505
Total	1 564 984	1 447 505

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

23 EMPLOYEE RELATED COSTS	2012	2011
Salaries and wages	34 943 044	27 474 714
Total	34 943 044	27 474 714
Pension deductions	4 376 889	3 657 766
Medical aid funds	1 326 435	893 674
Group insurance	210 974	160 167
Housing subsidy	93 158	87 129
Unemployment Insurance Fund	252 986	202 529
Long service award	1 045 357	164 865
Total Social contributions:	7 305 799	5 166 130
Total employee related cost	42 248 843	32 640 844
<u>Remuneration of Managers</u>		
<u>Act Municipal Manager - S S Razwidani</u>	1 266 055	1 039 648
Annual remuneration	835 661	809 084
Allowances	430 394	96 000
Leave Payment	-	134 564
The amount disclosed during current year is the acting allowance not contractual package		
<u>Act Chief Financial Officer - TB Muvhu</u>	405 925	974 703
Annual remuneration	-	620 333
Allowances	405 925	54 000
Leave Payment	-	300 370
The amount disclosed during current year is the acting allowance not contractual package		
<u>Act Manager Corporate Services - R le Roux</u>	343 906	552 420
Annual remuneration	-	462 420
Allowances	343 906	90 000
The amount disclosed during current year is the acting allowance not contractual package		
<u>Manager Community Services - P Nndwa</u>	596 984	552 420
Annual remuneration	499 484	462 420
Allowances	97 500	90 000
<u>Manager Technical Services - JAP du Toit</u>	596 984	552 420
Annual remuneration	544 984	504 420
Allowances	52 000	48 000
Total	3 209 854	3 671 611

During the year no performance bonuses were paid out in terms of
Section 57 of the Municipal Systems Act
Disclosure in terms of the MFMA, 2003, Section 124(1)(c).

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2012		
24 REMUNERATION OF COUNCILLORS	2012	2011
Mayor	630 737	589 556
Chief Whip	477 762	447 551
Councillors	1 375 680	1 172 283
Pension fund	315 892	271 649
Travelling allowances	458 107	390 763
Cellphone allowances	118 297	100 118
UIF	19 839	3 800
Total councillor's remuneration	3 396 313	2 975 719
Members of the Council C M Phiri - Mayor S F L Ndlovu - Member of the Executive Committee J Banda - Member M E Ramayada - Member E S Shirilele - Member M F Mafela - Member S M Phiri - Member L B Ndou - Member G N Milanzi - Member S J Kaunda - Member P S Tlou - Member		
The Mayor and Chief Whip are full time. Each is provided with an office and secretarial support at the cost of Council. The Mayor has use of a Council owned vehicle and driver for official duties. Disclosure in terms of the MFMA, 2003, Section 124(1)(a)		
25 DEPRECIATION AND AMORTISATION EXPENSE	2012	2011
Property, plant and equipment	18 493 099	21 567 832
Intangible assets	34 748	34 748
Total Depreciation and Amortisation	18 527 847	21 602 580
Refer to Nota 8 for more detail on depreciation		
26 REPAIRS AND MAINTENANCE		
Repairs and maintenance	7 742 304	4 422 977
Repairs and maintenance (Musina roads repairs)	15 050 317	
Total	22 792 621	4 422 977
During the year T & C have been appointed to repair existing Musina roads for the cost of R 15 713 300. The project was initially budget as capital project. The cost incurred is now treated as expense because it does not meet the criteria of capitalisation.		
27 FINANCE COST	2012	2011
Lease liability	-	56 026
External loan cost	2 065 001	1 550 718
Total	2 065 001	1 606 744

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2012		
28 BULK PURCHASES	2012	2011
Electricity	37 490 020	30 105 151
Total	37 490 020	30 105 151
Electricity losses	0	3.90%
29 CONTRACTED SERVICES	2012	2011
Contracted services for:		
Security	4 106 102	2 290 430
Total	4 106 102	2 290 430
30 GRANT AND SUBSIDIES PAID	2012	2011
Finance management grant (FMG)	1 250 000	3 000 000
Municipal systems improvement grant (MSIG)	790 000	750 000
Equitable share [Indigent]	2 369 231	1 834 866
Total	4 409 231	5 584 866
Disclosure in terms of the MFMA, 2003, Section 123(l)(b).		

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

31 GENERAL EXPENSES	2012	2011
Advertising	104 985	38 790
Internal Auditors	822 604	401 025
External Auditors	1 867 253	1 413 892
Bank Admin Fee	395 429	226 465
Community Liason	396 227	209 373
Computer Hardware	27 738	-
Conference & Convention	230 743	49 585
Consultance & Professional	473 282	1 966 802
Consumable Domestic items	253 212	208 832
Entertainment	697 020	222 089
Fuel	708 645	702 462
Funerals	-	13 703
Mayoral excellence award	156 476	183 944
IDP	66 230	-
Insurance	584 898	325 020
Interest Late Payment	52 253	310 030
Internal Study	34 641	-
LED	-	2 780
Legal Fees	270 759	40 311
Licences	198 488	304 682
Medical examination	52 519	17 081
Membership fees	442 234	448 132
Paupers Burials	55 881	17 491
Postage	204 175	153 773
Pest Control	2 965	219
Printing & Stationary	736 034	528 560
Production Drivers Cards	-	117 516
Provision for environmental	250 169	419 891
Protective Clothing	200 065	249 407
Rentals	137 699	154 533
Seta	364 332	338 907
Subsistence & Travel	2 506 269	2 706 213
Telephone	2 124 906	2 119 003
Training	889 176	481 850
Transaction Fees	562 087	360 766
Township Establishment	5 751 936	7 844 980
Valuation Roll	2 160 632	52 998
Youth Assistance	7 000	-
Zelpy	-	1 868 373
loss on investment Zelpy	-	503 816
Medical benefit & leave	3 210 674	537 628
TOTAL GENERAL EXPENDITURE	26 999 635	25 540 919

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

32 CORRECTION OF ERROR**2012****2011**

During the year end municipality did unbundling, assessment of useful life and fair value of PPE

The comparative amount has been restated as follows:

Depreciation

Unbundling Infrastructure	16 094 889
Community	(675 065)
Other	(954 458)

Net effect on surplus/(deficit) for the year **14 465 367**

Accumulated depreciation - Infrastructure (16 007 813)
Accumulated depreciation - Community assets 675 065
Accumulated depreciation - Other assets 954 458

Infrastructure 213 078 779
Community (1 430 458)
Other 1 067 492

Net effect on Statement of Financial Position **198 337 523**

Net effect on Accumulated surplus opening balance **212 802 889**

33 CASH GENERATED FROM/(UTILISED IN) OPERATIONS**2012****2011****Net surplus for the year****(12 978 445)****(2 554 723)**

Depreciation charges	18 527 847	24 890 260
Gain / loss in sale of assets	-	158 500
Contributions to provisions	4 405 624	3 926 293
Finance cost	2 065 001	1 606 744
Interest earned	(2 110 502)	(1 617 107)
Other non cash item	(933 802)	(943 942)

Operating surplus before working capital changes**8 975 724****25 466 026**

(Increase)/decrease in inventories	(206 996)	14 318
(Increase)/decrease in trade receivable	(821 082)	437 764
(Increase)/decrease in other receivable	(9 037 143)	(2 284 766)
Increase/(decrease) in trade payables	7 389 123	6 641 271
Increase/(decrease) in vat receivable	(228 601)	1 358 782
Increase/(decrease) in consumer deposits	(1 182 945)	(463 899)
Increase/(decrease) in vat payable	1 353 084	
Other assets	6 068 203	1 867 101
Other liability	(6 851 875)	(4 726 970)
Increase/(decrease) in conditional Grants and Receipts	3 518 232	(2 843 601)

Cash generated by operations**8 975 724****25 466 026****CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	1 777 238	6 107 151
Bank overdrafts		
Net cash and cash equivalents	1 777 238	6 107 151

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2012		
34 CAPITAL COMMITMENTS	2012	2011
34.1 Commitments in respect of capital expenditure		
Approved and contracted for	-	2 541 852
Infrastructure	-	2 541 852
Community assets	-	-
Other assets	-	-
Approved but not yet contracted for	14 638 000	23 495 368
Infrastructure	-	17 157 361
Community assets	14 638 000	6 338 007
Other assets	-	-
Total	14 638 000	26 037 220
This expenditure will be financed from		
Own Revenue	-	-
Government grants	14 638 000	26 037 220
Total	14 638 000	26 037 220
34.2 Operating leases	2012	2011
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:		
Withing one year	275 693	248 764
In the second to fifth year inclusive	303 262	578 954
After five years	-	-
Total	578 955	827 718
Operating lease payments represent photo copier payable by the municipality for certain of its office equipment. Leases are negotiated for an average term of three years to five years and payments are fixed for a year and annual escalation of 10%		
35 UNSPENT CONDITIONAL GRANTS AND RECEIPTS	2012	2011
Unspent conditional grant from other sphere of government		
Municipal infrastructural grant (MIG)	113 827	3 632 059
Total	113 827	3 632 059
36 VAT PAYABLE	2012	2011
Vat payable	-	1 353 084
	-	1 353 084
VAT is payable on the receipt basis. VAT is paid over to SARS only once payment is received from debtors		
37 VAT RECEIVABLE	2012	2011
Vat receivable	228 601	-
	228 601	-
VAT is payable on the receipt basis. VAT is paid over to SARS only once payment is received from debtors		
38 TAXES AND TRANSFERS PAYABLE (NON-EXCHANGE)	2012	2011
Department of Transport	16 483 541	9 631 666
Total	16 483 541	9 631 666

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

**39 ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF
MUNICIPAL FINANCE MANAGEMENT ACT, 2003**

39.1 Contribution to SALGA	2012	2011
Opening balance	434 544	
Amount paid - current	318 372	434 544
Amount paid - previous years	(211 560)	
Balance unpaid (included in payables)	752 916	434 544
39.2 Audit fees (Internal & External)	2012	2011
Opening balance	2 453 197	3 501 052
Current year audit fee	3 714 805	1 515 879
Amount paid - current year	(2 054 673)	(2 563 734)
Amount paid - previous years	(2 516 448)	
Balance unpaid (included in payables)	1 596 881	2 453 197
The balance unpaid represents the audit fee for the 2011/2012 audit		
39.3 VAT PAYABLE	2012	2011
Vat payable	-	1 353 084
VAT is payable on the receipt basis. VAT is paid over to SARS only once payment is received from debtors		
VAT RECEIVABLE		
Vat receivable	210 749	-
VAT is payable on the receipt basis. VAT is paid over to SARS only once payment is received from debtors		
39.4 Pay as You Earn (PAYE)		
Opening balance	4 779 495	
Current year payroll deductions	5 778 928	4 779 495
Amount paid - previous years	(4 779 495)	
Balance unpaid (included in payables)	5 778 928	4 779 495
39.5 Unemployment Insurance Fund (UIF)		
Opening balance		
Current year payroll deductions	312 442	202 529
Amount paid - current year	(312 442)	(202 529)
Balance unpaid	-	-
39.6 Medical Aid		
Opening balance		
Current payroll deductions	1 275 706	801 907
Amount paid current year	(1 275 706)	(801 907)
Balance unpaid	-	-
39.7 Pension Fund		
Opening balance		
Current year payroll deductions	5 276 169	3 657 766
Amount paid current year	(5 276 169)	(3 657 766)
Balance unpaid	-	-

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

39.8 Disclosure concerning councillors

Section 124(1)(b)

The following councillors had arrear accounts outstanding for more than 90 days as at 30 June 2012:

	Total	Outstanding less than 90 days	Outstanding more than 90 days
as at 30 June 2012			
JS Banda [249661]	16 403		16 403
JS Banda [251043]	7 488		7 488
JS Banda [264821]	881		881
PS Tlou [248403]	18 971		18 971
J Kaunda [41913]	7 624		7 624
Total Councillor Arrear Consumer Accounts	51 367	-	51 367
as at 30 June 2011			
JS Banda [249661]	19 236.85		19 236.85
SFL Ndhlovu	16 195.83		16 195.83
ME Ramoyada	1 095.47		1 095.47
E Shirilele	174.27		174.27
PS Tlou [248403]	17 803.31		17 803.31
J Kaunda [41913]	14 333.66		14 333.66
	68 839.39		68 839.39

NOTES TO THE FINANCIAL STATEMENTS		
30 JUNE 2012		
40 CONTINGENT LIABILITIES	2012	2011
Claim for Damages		
Municipality is being sued damage claims for removal of street vendors stock by force.T Ramadzamba & 35 other:	3 986 000	2 500 000
Eskom Guarantee		
Remaining portion of Bank Guarantee to Eskom pledged by ABSA on behalf of Municipality	3 552 375	3 878 746
Unpaid Supplier		
Municipality is being sued for not paying KPMM for work done .	8 300 000	-
Total	15 838 375	6 378 746
41 IN-KIND DONATIONS AND ASSISTANCE	2012	2011
The Municipality received the following in-kind donations and assistance		
Description		
Mayoral Awards	-	40 000
	-	40 000
42 RELATED PARTY DISCLOSURES		
VHEMBE DISTRICT MUNICIPALITY	2012	2011
As Vhembe District Municipality is the Water Services Authority and Musina Local Municipality is the water services provider , how ever the service level agreement was in dispute and the dispute was lodged with National Treasury for a final decision. The final decision from National Treasury states that all assets should be in the books of Vhembe District Municipality therefor Musina Local Municipality will not include any water transations or assets in there Annual Financial Statements. The following transactions are involved:		
List of outstanding debtors for		
Water	8 283 136	9 436 387
Water basic	382 040	327 451
Sewerage	3 047 397	2 950 820
Septic tanks	624	624
Water new connection	6 345	6 905
Total outstanding debtors for 01 July 2009 to 30 June 2012	11 719 542	12 722 187
List of all the deposits for :		
Water	2 101 591	1 701 840
Sewerage	685 220	749 063
Total amount as on 30 June 2012	2 786 810	2 450 904
Total billings for the year 01 July 2009 to 30 June 2012 for :		
Water	15 971 640	17 914 065
Water basic	5 225 891	-
Sewerage	247 820	4 513 440
Total amount (excluding vat)	21 445 351	22 427 505
Total allocated cash receipts for :		
Water	8 295 347	23 167 102
Water basic	103 320	-
Water new	16 173	20 883
Water prepaid	962 275	825 801
Sewerage	1 929 311	1 881 290
	11 306 425	25 895 076
Total amount of stock in stores as on 30 June 2011:	337 906	68 079
Calculation of the amount payable by Vhembe District Municipality to Musina Local Municipality, (Promis votes ledger	12 271 674	5 282 671
Assets bought 11/12	-	624 626
The cost of indigent subsidy for water and sewerage for the financial year ended 1 July 2010 - 30 June 2011:	2 265 028	1 911 083
Total provision leave	841 198	-
Total provision for bad debt July 2004 - June 2011:	6 851 184	4 246 832
Creditors Provision	204 960	782 385

43 INCOME FOREGONE	2012	2011
Assesment Rates	499 410	538 951
Prepaid electricity (power cards)	117 232	81 518
TOTAL INCOME FOREGONE	616 642	620 469
44 ELECTRICITY PRE-PAID POWER CARDS	2012	2011
Value of cards as at 30 June 2012		
Bosveld Enterprises	4 290	5 760
Kwik Spar	4 560	1 010
Dhruv Supermarket	-	3 570
Mshongo Classic	840	-
Engern Petrol Station	68 560	3 420
TOTAL ELECTRICITY PRE-PAID POWER CARDS	78 250	13 760
45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
45.1 Irregular expenditure	2012	2011
Reconciliation of irregular expenditure		
Opening balance	43 650 309	5 848 522
Re instated	-	197 000
Transferred from fruitless and wasteful expenditure	-	657 033
Irregular Expenditure	18 216 751	36 947 754
Condoned or written off by Council	-	-
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	61 867 060	43 650 309
Due to deviations from the procurement processes (invitations of three written quotations, increase to bidding price, and no relevant contract or tender documentation) that were approved on the basis of it being an emergency, while it was possible to comply with the requirements or where proper planning would have prevented the deviations. Due to contracts that were extended or renewed to such an extent that competitive bidding processes were being circumvented.		
45.2 Fruitless and wasteful expenditure	2012	2011
Reconciliation of fruitless and wasteful expenditure		
Opening balance -	7 136 054	28 534
Fruitless and wasteful expenditure current year	19 173	7 764 553
Condoned or written off by Council	(48 181)	-
Transfer to irregular	-	(657 033)
To be recovered – contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	7 107 046	7 136 054
45.3 Unauthorised expenditure		
Reconciliation of unauthorised expenditure		
Opening balance	-	-
Unauthorised expenditure current year	3 052 961	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	3 052 961	-
46 RETIREMENT BENEFIT INFORMATION	2012	2011
Defined contribution plan		
The following are defined contribution plans: Joint Municipal pension fund, Municipal Employees Pension Fund, SALA Pension Fund, National Fund for Municipal Workers. These contributions have been expensed		
Defined benefit plan		
The following are defined benefit plans: Municipal Gratuity Fund		
This plan is not treated as defined benefit plans as defined by IAS19, but are accounted for as defined contribution plans. This is in line with the exemption in IAS 19 par. 30 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of detail.		
Certain employees of the municipality belong to the Joint Municipal pension fund, Municipal Employees Pension Fund, SALA Pension Fund, National Fund for Municipal Workers. The most recent actuarial valuation was done in 2012. These valuations indicate that the plan is in a sound financial position.		
An amount of R4 692 791 (2011 : R4 551 440) was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.		

47 RISK MANAGEMENT**47.1 Maximum credit risk exposure**

Credit risk consists mainly of cash deposits, cash equivalent and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

ABSA Bank - Fixed deposits	6 396 945	3 878 746
ABSA Bank - Current/Cheque account	1 777 238	6 107 149

These balances represent the maximum exposure to credit risk. The municipality is exposed to an ABSA bank guarantee in favour of Eskom.

47.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period to the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Not later than one year	Later than one year and not later than three years
2012		
Gross finance lease obligation:	637 172	770 584
Borrowings	1 348 428	16 677 041
	1 985 600	17 447 625
2011		
Gross finance lease obligation:	546 742	653 636
Borrowings	1 232 295	12 907 002
	1 779 037	13 560 638

47.3 Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain approximately 60% of its borrowings in fixed rate instruments.

At year end, financial instruments exposed to interest rate risk were as follows:

- Development Bank of South Africa loan
- Bankfin

48 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures D and E.

49 POST- RETIREMENT MEDICAL AID BENEFITS

	2012	2011
Opening Accrued Liability	3 243 192	2 843 328
Current-service Costs	221 789	203 097
Contributions (benefits paid)	-	25 891
Total Annual Expense	(66 634)	(62 124)
Actuarial Loss/Gain	2 050 970	399 864
Closing Accrued Liability	5 294 162	3 243 192

The Municipality provides certain post-retirement medical aid benefits. These medical aid benefits are unfunded. These projections assume that the Municipality's health care arrangement and subsidy policy will remain as outlined in the valuation report and that all the actuarial assumptions made are borne out in practice. In addition, it is assumed that no contributions are made by the Municipality towards prefunding its liability via an off-balance sheet vehicle.

50 EVENTS AFTER THE REPORTING DATE

The Accounting officer is not aware of any significant material matter or circumstances that occurred after year end that warrant adjustment of or disclosure in the financial statement.

51 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment
Recoverable amounts of property, plant and equipment
Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)
Present value of defined benefit obligation
Provision for doubtful debts
Impairment of assets
Provision for long-term service awards

52 LONG SERVICE AWARDS

Fair value of plan assets:		
Accrued liability	2 306 808	1 413 647
Unfunded Accrued Liability	2 306 808	1 413 647
Unrecognised actuarial gains/losses		
Unrecognised past service costs		
Miscellaneous items		
Net Liability in Balance Sheet	2 306 808	1 413 647

Reconciling and projecting the unfunded accrued liability

Unfunded Accrued Liability

Opening balance	1 413 647	1 248 782
Current-service costs	190 455	174 567
Interest cost	122 769	108 396
Expected return on plan assets		
Actuarial (Gain)/Loss	712 228	
Past-service costs		
Effect of curtailment/settlement		
Expected employer benefit vesting	(132 291)	(118 098)
Employer prefunding contributions		
Closing Balance	2 306 808	1 413 647
Projected accrued liability	1 594 580	1 413 647

Net liability to reflect in the balance sheet

Opening balance	1 413 647	1 248 782
Current-service costs	190 455	174 567
Interest cost	122 769	108 396
Expected return on plan assets		
Transitional liability recognised		
Actuarial (Gain)/loss recognised in P&L	712 228	
Past-service cost recognised		
Effect of curtailment/settlement		
Net Pre-determined Cost Recognised in P&L	1 025 452	282 963
Actual employer benefits payments	(132 291)	(118 098)
Transitional liability recognised		
Employer prefunding contributions		
Transitional liability recognised outside P&L		
Actuarial (Gain)/loss recognised outside P&L		
Closing Balance	2 306 808	1 413 647

APPENDIX A SCHEDULE OF EXTERNAL LOANS as at 30 June 2012								
External Loans	Loan Number	Redeemable Date	Balance at 30 June 2011	Received during the period	Redeemed or written off during the period	Balance at 30 June 2012	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
R								
LONG TERM LOANS								
(DBSA) MUN BUILDING @ 12.50%	102905	30/06/2013	249 843.70		249 843.70	-		
(DBSA) INFRASTRUCTURE @ 9.73%	102405	30/06/2026	1 360 182.51	17 187 092.35	521 806.08	18 025 468.78		
(DBSA) LESLEY MANHATHELA @ 9.73%	102405	30/06/2026	818 842.45		818 842.45	-		
(DBSA) MUN BUILDING PHASE 2 @ 9.73%	102405	30/06/2026	5 985 707.57		5 985 707.57	-		
(DBSA) WORKSHOP @ 12.50%	103431	30/06/2016	5 724 720.97		5 724 720.97	-		
(BANKFIN) TOYOTA HILUX 2.5D-4D @ 10.50%	77532299	01/09/2013	61 536.08			61 536.08		
(BANKFIN) TOYOTA HILUX 2.5D-4D @ 10.50%	77532345	01/09/2013	61 536.08			61 536.08		
(BANKFIN) 2008 S.A.M.E EXPLORER 85 SPE @ 10.5	77532043	01/09/2013	132 762.12			132 762.12		
(BANKFIN) 2008 TOYOTA DYNA 7-105 4.5 TO @ 10.5	77552362	01/09/2013	118 171.71		-	118 171.71		
(BANKFIN) TOYOTA HILUX 2.5D-4D @ 10.50%	77532310	01/09/2013	61 535.71			61 535.71		
(BANKFIN) AVESIS 2.0 ADVAN @ 10.50%	77531802	01/09/2013	106 735.73			106 735.73		
(BANKFIN) 2008 RCEDES BENZ MO350(W164) @ 11	77196795	01/06/2013	217 300.93	141 283.03		358 583.96		
(BANKFIN) 2008 HINO 13-237 @ 10.50%	77552214	01/09/2013	330 391.02		-	330 391.02		
INTEREST PAID DBSA								
Total long term loans			15 229 266.58	17 328 375.38	13 300 920.77	19 256 721.19		

APPENDIX B
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 36(2)
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl) R	Reason for deviation
TECHNICAL	BB TRUCK 7 TRACTOR	62 702.75	Repair brakes & hydraulic on Compactor. (Refuse). Nissan agent found that brake system was on verge of breaking down. To avoid service delivery the brakes were repaired.
TRAFFIC	SPRAY AIR SERVICES	4 388.79	This is the only sole supplier around and the second place is in Durban and its not financially wise to send to Durban. Their time on repairing the machine is cost saving and fast.
TECHNICAL	MES ENGINEERING	42 079.68	MES ENG are only comp that do repair on technical vehicles. It requires quick action and follow proc will delay repair/breakdown and therefore service delivery.
TRAFFIC	CELLULAR SERVICES	4 875.00	A traffic vehicle had no blue light on and the blue light was needed urgently to send the vehicle to Pietersburg to fit the light at Cellular Service CC that's stationed in Pietersburg
TECHNICAL	BRIGGS & STRATTON HIRE	4 199.99	Sole supplier for equipment rental. This equipment is rented on day tariff. The equipment is utilized until job is done, which may be from one day to as many days as is required.
TECHNICAL	BRIGGS & STRATTON HIRE	2 730.64	Sole supplier for equipment rental. This equipment is rented on day tariff. The equipment is utilized until job is done, which may be from one day to as many days as is required.
TECHNICAL	BRIGGS & STRATTON HIRE	2 223.00	Sole supplier for equipment rental. This equipment is rented on day tariff. The equipment is utilized until job is done, which may be from one day to as many days as is required.
TECHNICAL	BRIGGS & STRATTON HIRE	2 893.78	Sole supplier for equipment rental. This equipment is rented on day tariff. The equipment is utilized until job is done, which may be from one day to as many days as is required.
TECHNICAL	BRIGGS & STRATTON HIRE	2 758.00	Sole supplier for equipment rental. This equipment is rented on day tariff. The equipment is utilized until job is done, which may be from one day to as many days as is required.
TECHNICAL	ELECTRICAL MOTOR REWIRING	66 677.46	Due to simultaneous breakdown of 3 transformers at phase 10 & phase 11, we do not have stock on hand. ERM is the only company that does the rewinding of transformers at our province at the moment.
MUNICIPAL MANAGER	SOUTPANSBERG ATHLETICS CLUB	75 000.00	Soutpansberg Athletic Club is the only Athletic Club in the district Vhembe that is accredited by Athletic South Africa to organise marathons. We requested that procedures to be waived in order to finalize arrangement for the marathon.
MUNICIPAL MANAGER	DONGOLA RANCH	20 910.00	Dongola donating free accommodation for the Woman in Dialogue to be held on the 26th to the 27th of august 2011 at Dongola we request that procurement procedures to be waived as we can not have people stay and catered for in different places.
TECHNICAL	MES ENGINEERING	35 572.68	The company MES Engineering is the only company that do repairs on technical departments vehicles. Repairs & Maintenance on tech vehicles requires quick action to prevent a delay in service delivery.
TECHNICAL	MES ENGINEERING	34 554.20	The company MES Engineering is the only company that do repairs on technical departments vehicles. Repairs & Maintenance on tech vehicles requires quick action to prevent a delay in service delivery.
IT	PC WORX MUSINA	52 420.00	Due to the urgency of the laptops, we would like to request 3 x standard quotes from supply in order to process the request in a short period of time.
FINANCE	FUJITSU	159 787.47	New Financial Server. The system. server has a specific configuration by Fujitsu and other service providers would not be able to configure the system reliably.
FINANCE	FUJITSU	184 780.40	New Financial Server. The system. server has a specific configuration by Fujitsu and other service providers would not be able to configure the system reliably.
TECHNICAL	G.T.E TYRE CENTRE	14 650.03	Tyres are urgently needed for refuse compactor. Three quotes are attached from service providers. Approval is requested to waive formal quotation process.
TECHNICAL	MES ENGINEERING	55 674.49	The company MES Engineering is the only company that do repairs on technical departments vehicles. Repairs & Maintenance on tech vehicles requires quick action to prevent a delay in service delivery.
MAYOR'S OFFICE	MUDAU NS	5 000.00	We tried to call for the quotations, but it was already late and that is why we got only 1 (one) quotation.
TECHNICAL	BEKA PTY LTD	67 852.80	All our streetlight fittings are BEKA manufactured. Replacement and repairs have to be BEKA to ensure conformity and reliability, as BEKA is the leading streetlight manufacturer from our experience.
TECHNICAL	GEARBOX & DIFF CENTRE	18 993.25	The bakkies are in excess of 5 years old and has done 200000km plus. They are in dire state of repairs. Due to financial constraints we cannot purchase new vehicles and have to keep the old ones running. Because of the age of vehicles only two suppliers are willing to quote.
IT DEPARTMENT	CONLOG	7 182.00	We have requested for Conlog (pre-paid) to supply Paper Cards (scratch cards). Conlog are the single provider of the system.
MAYOR'S OFFICE	CELLULAR SERVICES	6 355.00	Due to lack of quotes and respond from other suppliers.
TECHNICAL	MES ENGINEERING	18 986.44	MES ENG are only comp that do repair on technical vehicles. It requires quick action and follow proc will delay repair/breakdown and therefore service delivery.
TECHNICAL	MES ENGINEERING	28 251.48	MES ENG are only comp that do repair on technical vehicles. It requires quick action and follow proc will delay repair/breakdown and therefore service delivery.
ADMIN	RIKA LE ROUX	3 094.00	I had to purchase pouches for the Galaxy tab's of the Managers. I had to purchase this at Vodacom in Makhado as the nearest and only store who sells this particular product.
TECHNICAL	MES ENGINEERING	10 526.75	MES ENG are only comp that do repair on technical vehicles. It requires quick action and follow proc will delay repair/breakdown and therefore service delivery.
IT	CONLOG	190 419.04	We have requested for Conlog (pre-paid) to supply Paper Cards (scratch cards). Conlog are the single provider of the system.
FINANCE	TC VERKOEING	11 899.00	Please note that a third quotation was not obtainable for the air cons, since none of the companies we phoned were interested in giving us quotations. We suggest the Quotation for TC Verkoeling, be accepted.
TECHNICAL	BRIGGS & STRATTON HIRE	55 787.79	Sole supplier for equipment rental. This equipment is rented on day tariff. The equipment is utilized until job is done, which may be from one day to as many days as is required.
TECHNICAL	FOUR AUTO SERVICES	5 702.82	Due to breakdown of Mercedes Benz (FDD 026 N), we had to take it to various garages in Musina and we only find out that Four Auto services is the only garage that can fix Mercedes Benz around town.
FINANCE DEPT	LEXIS NEXIS	4 985.13	Lexis Nexis is the only Service Provider for the Material that is required as per the attached quotation.

APPENDIX B
DEVIATION FROM PROCUREMENT PROCESSES
Supply Chain Regulation 36(2)
for the year ended 30 June 2012

Department	Supplier	Amount (VAT incl) R	Reason for deviation
TECHNICAL	GEARBOX & DIFF CENTRE	17 171.00	Repairs on old (1992) tipper truck. Strategic decision to repair all old technical vehicles as funding is not available for new vehicles. Sole supplier willing to fix truck.
TECHNICAL	GEARBOX & DIFF CENTRE	21 931.18	The bakkie broke down completely. Gearbox & Diff Centre was willing to commence immediately with repairs. Our problem with most of our bakkies is that they are 13yrs old and service providers are not willing to work on them. The bakkie is urgently required for service delivery.
TECHNICAL	PD Otto Elektries	43 476.04	a high Voltage cable Feeding Ext 7,8.3 and the Military base blew-up. To hazardly try and dig on a long underground cable to hopefully find the fault is a waste. An expert with electronic fault finding equipment was called in to assist. The fault was located and the cable portion replaced by the service provider as we had no cable (95mm) available in the store.
TECHNICAL	AJ ROETS	12 000.00	The 1100volt No 2. Feeder line that is feeding Musina Ext 3 and the military base developed a defect in the underground cables. The repair work entailed High Voltage precision work and the services of a High Voltage Electrician were called upon to assist in order not to have a too long black-out.
TECHNICAL	ELECTRICAL MOTOR REWIRING	55 848.60	Quotes were asked for a rewind(repairs) on an electrical motor. Two companies supplied quotes for new motors only and one for a rewind. The motor is urgently needed for Bulk supply of water as a back-up motor.
IT	CONLOG	33 516.00	We have requested for Conlog (pre-paid) to supply Paper Cards (scratch cards). Conlog are the single provider of the system.
TECHNICAL	GEARBOX & DIFF CENTRE	20 366.77	The only service provider that is willing to effect immediate repairs on the Technical Vehicles. The Vehicles are old (12yr) with high km (250 000 to 400 000). Another vehicle was lost in a fire on 30/05/2012 and the Technical Dept is short of one Vehicle for Service delivery.

1 468 223.45

Cheque number
35625
35594
36095
36124
36219
36219
36219
36219
36219
36668
36672
36681
36752
37621
37622
36965
37789
37790
38453
38465
38633
38652
38666
39015
39136
39561
36095
39811
39815
39876
40201
40203
41132

Cheque number
41509
42306
42544
42509
43734
43183
43071

APPENDIX C
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT
as at 30 June 2012

as at 30 June 2012															
	HISTORICAL COST						ACCUMULATED DEPRECIATION						Carrying Value	Budget Additions 2012	
	Closing Balance 10/11	Closing balance 10/11 re instate	Additions/ Transfers	Movement	Under Construction	Disposals	Closing Balance 11/12	Closing Balance 10/11	Closing balance 10/11 re instate	Additions/ Transfers	Correction on depreciation	Disposals			Closing Balance 11/12
														R	R
INFRASTRUCTURE	31 197 870	244 100 040	-	159 840	-	-	244 259 880	14 581 239	30 640 528	15 164 726	(68 244)	-	45 737 010	198 522 870	-
ROADS															
Concrete kerbing	12 137 108	27 203 659	-				27 203 659	9 419 205	1 360 183	680 091			2 040 274	25 163 385	
Pavement layers		68 379 893					68 379 893		9 117 319	4 558 660			13 675 979	54 703 915	
Ashphalt surfacing		13 670 469					13 670 469		1 822 729	911 365			2 734 094	10 936 375	
Double seals		52 743 248					52 743 248		7 032 433	3 516 217			10 548 650	42 194 599	
Road signs		318 063					318 063		42 408	21 205			63 613	254 449	
Roadmarkings		1 171 500					1 171 500		156 200	78 100			234 300	937 200	
ELECTRICITY	-						-	4 491 914					-	-	
Electricity reticulation	17 664 836	10 945 306					10 945 306		1 459 374	729 687			2 189 061	8 756 245	
Street lighting		62 277 437					62 277 437		8 303 658	4 151 829			12 455 487	49 821 950	
Mass lighting		5 957 000					5 957 000		794 266	397 133			1 191 399	4 765 601	
Water reservoirs & reticulation	42 306	51 606		76 004			127 610	14 954	9 689	5 391	43 683		58 762	68 848	-
Sewerage purification & reticulation	548 353	576 592		54 586			631 178	48 800	51 184	22 542	9		73 736	557 443	-
	-						-	-		-			-	-	-
	-						-	-		-			-	-	-
	-						-	-		-			-	-	-
Railway Lines	355 692	355 692					355 692	170 738	153 970	12 703	(14 233)		152 440	203 252	-
Security Measures	449 574	449 574		29 250			478 824	435 627	337 114	79 804	(97 703)		319 216	159 608	-
COMMUNITY ASSETS	92 385 870	92 385 870	7 968 053	(1 430 458)	-	-	98 923 466	6 800 010	6 800 011	1 223 141	(675 065)	-	7 348 087	91 575 378	-
Buildings	35 417 717	35 417 717	2 305 697	(307 453)	-	-	37 415 962	6 410 963	6 410 963	865 566	(483 241)	-	6 793 289	30 622 673	-
Sport Fields	16 615 852	16 615 852	5 662 357	(1 123 005)			21 155 204	389 047	389 048	357 575	(191 824)	-	554 798	20 600 405	-
Land	40 352 300	40 352 300					40 352 300	-		-			-	40 352 300	-
OTHER ASSETS	18 869 188	18 881 897	1 103 134	1 054 783		(6 002 960)	15 036 854	14 885 323	14 885 323	2 105 232	(954 458)	(6 837 411)	9 197 628	5 839 226	-
Vehicles	4 581 715	4 604 624	819 662	849 312		(257 173)	6 016 425	3 366 494	3 366 494	883 306	(668 467)	298 845	3 880 179	2 136 247	-
Plant & equipment	4 195 829	4 195 829	23 397	4 241		(1 827 531)	2 395 936	1 558 222	1 558 222	302 835	1 453 461	(1 558 222)	1 756 295	639 640	-
Office equipment	6 334 053	6 323 853	253 073	148 230		(3 405 854)	3 319 302	6 071 529	6 070 470	619 996	(1 247 191)	(3 331 065)	2 112 211	1 207 091	-
Bins and Containers	1 463 220	1 463 220	-	-			1 463 220	195 248	195 248	44 350	(17 720)		221 878	1 241 343	-
Furniture and Fittings	2 255 316	2 255 316	7 002	53 000		(484 184)	1 831 134	3 673 765	3 673 765	254 745	(474 347)	(2 231 324)	1 222 838	608 296	-
Car Port	8 494	8 494					8 494	2 927	2 927	-	73		3 000	5 494	-
Emergency Equipment	28 219	28 219	-	-		(28 219)	-	15 645	15 645	-		(15 645)	-	-	-
Truvello Radar	2 342	2 342					2 342	1 494	1 494		(268)		1 227	1 115	-
TOTAL	142 452 927	355 367 807	9 071 188	(215 834)	-	(6 002 960)	358 220 200	36 266 572	52 325 862	18 493 099	(1 697 766)	(6 837 411)	62 282 725	295 937 474	

APPENDIX C1
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT
as at 30 June 2012

	Cost / Revaluation						Accumulated Depreciation						Carrying Value 11/12	Budget Additions 2012
	Closing Balance 10/11	Opening balance 10/11 re instate	Additions/ Transfers	Under Construction	Disposals	Closing Balance 11/12	Closing Balance 10/11	Opening balance 10/11 re instate	Additions/ Transfers	Disposals	Closing Balance 11/12			
														R
EXECUTIVE COUNCIL	4 719 816	1 714 027	876 572			2 590 599	4 626 278	919 798	512 891		1 432 690		1 157 910	
FINANCE & ADMINISTRATION	65 881 894	209 789 188	2 532 259			256 816 076	23 323 246	31 800 656	13 090 433		44 891 089		211 924 987	
PLANNING & DEVELOPMENT	42 219 634	42 257 173				42 257 173	124 453	186 733	45 191		231 925		42 025 248	
HEALTH	162 096	(86 100)				75 996	152 316	43 227	9 765		52 992		23 004	
COMMUNITY & SOCIAL SERVICES	238 341	60 592				187 429	229 882	153 970	11 501		165 471		21 958	
PUBLIC SAFETY	881 072	(257 479)				623 593	649 497	324 428	87 987		412 415		211 178	
PARKS & RECREATION	6 081 047	(1 266 194)	5 662 357			10 447 209	349 592	13 972	5 996		19 968		10 427 241	
WASTE MANAGEMENT	2 162 692	(500)				2 162 192	833 261	614 273	131 722		745 995		1 416 197	
ELECTRICITY	20 106 336	22 953 597				43 059 933	5 978 046	9 732 568	4 597 612		14 330 181		28 729 752	
TOTAL	142 452 927	275 164 303	9 071 188	-	-	358 220 200	36 266 572	43 789 626	18 493 099	-	62 282 725		295 937 474	-

Musina Local Municipality
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2012

2011	2011	2011		2012	2012	2012
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
10 774 049	19 712 434	(8 938 385)	Executive & Council	11 254 892	40 072 425	(28 817 533)
29 658 775	28 873 335	785 440	Finance & Admin	32 145 666	29 302 558	2 843 108
8 552 028	9 661 129	(1 109 101)	Planning & Development	12 039 000	8 152 384	3 886 616
		-	Health			-
94 239	737 266	(643 027)	Community & Social Services	91 913	799 432	(707 519)
		-	Public Safety			-
	2 566 988	(2 566 988)	Sport & Recreation		2 822 240	(2 822 240)
		-	Environmental Protection			-
6 029 938	5 120 397	909 541	Waste Management	6 555 128	9 307 204	(2 752 077)
21 285 989	12 454 642	8 831 347	Road Transport	17 396 337	28 069 693	(10 673 356)
		-	Water			-
54 772 870	36 843 371	17 929 499	Electricity	70 602 963	44 536 240	26 066 723
			Other		2 168	(2 168)
131 167 888	115 969 562	15 198 326		150 085 899	163 064 345	(12 978 445)
			Less: Inter-Department Charges			
131 167 888	115 969 562	15 198 326	Total	150 085 899	163 064 345	(12 978 445)

APPENDIX E
STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION
for the year ended 30 June 2012

	Original Budget	Budget Adjustment	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
				R	R			%	
REVENUE									
Property rates	(9 782 875)	(9 782 875)	-	(9 782 875)	10 945 902			-112%	-112%
Service charges : Electricity	(54 339 329)	(72 353 801)	18 014 472	(72 353 801)	70 602 963			-98%	-130%
Refuse removal	(5 406 620)	(7 659 600)	2 252 980	(7 659 600)	6 555 128			-86%	-121%
Rental of facilities and equipment	(32 242)	(205 256)	173 014	(205 256)	206 071			-100%	-639%
Interest earned – external investments	-	(150 000)	150 000	(150 000)	545 518			-364%	#DIV/0!
Interest earned – outstanding debtors	(884 715)	(1 250 000)	365 285	(1 250 000)	1 564 984			-125%	-177%
Fines	(1 628 668)	(1 628 668)	-	(1 628 668)	2 201 900			-135%	-135%
Licensing & permits	(1 318 798)	(1 318 798)	-	(1 318 798)	2 923 496			-222%	-222%
Government grants & subsidies – operating	(29 948 000)	(29 948 000)	-	(29 948 000)	29 948 000			-100%	-100%
Government grants & subsidies – capital	(24 072 000)	(12 039 000)	(12 033 000)	(12 039 000)	15 557 232			-129%	-65%
Other revenue	(13 769 751)	(13 887 480)	117 729	(13 887 480)	9 034 705			-65%	-66%
Gains on disposal of property, plant & equipment	-	-	-	-	-				
Total Revenue	(141 182 998)	(150 223 478)	9 040 480	(150 223 478)	150 085 899	-	-	(99.91)	-106%

APPENDIX E
STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION
for the year ended 30 June 2012

	Original Budget	Budget Adjustment	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
				R	R			%	
EXPENDITURE									
Employee related costs	49 054 272	53 531 727	(4 477 455)	50 870 361	42 248 843			83%	86%
Remuneration of councillors	5 280 157	5 280 157	-	3 376 474	3 396 313			101%	64%
Bad debts	1 136 072	1 136 072	-	1 136 072	976 392			86%	86%
Collection costs	20 000	20 000	-	52 337	52 339			100%	262%
Depreciation	6 425 680	6 425 680	-	6 425 680	18 527 847			288%	288%
Repairs & maintenance	20 367 317	15 256 039	5 111 278	15 457 296	22 792 621			147%	112%
Interest of external borrowings	1 535 663	1 970 149	(434 486)	2 065 001	2 065 001			100%	134%
Bulk purchases : Electricity	34 787 977	34 787 977	-	37 490 020	37 490 020	-		100%	108%
Contracted services	3 000 000	3 000 000	-	4 106 102	4 106 102			100%	137%
Grants & subsidies paid	-	2 040 000	(2 040 000)	2 040 000	4 409 231			216%	#DIV/0!
General expenses	22 482 103	32 210 820	(9 728 717)	32 639 278	26 999 635			83%	120%
Contributions to/(transfers from) provisions	6 881 662	4 352 762	2 528 900	4 352 762	-	-		0%	0%
Total Expenditure	150 970 903	160 011 383	(9 040 480)	160 011 383	163 064 344	-	-	102%	108%
NET SURPLUS/(DEFICIT) FOR THE YEAR	9 787 905	9 787 905	-	9 787 905	(12 978 445)	-	-	-133%	-133%

**APPENDIX E1
Reconciliation of Budget Summary**

Description	2011/2012											2010/2011			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthori sed expenditu re	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthori sed expenditu re	Expenditu re authorise d in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	(9 782 875)	-	(9 782 875)			(9 782 875)	(10 945 902)		(1 163 027)	112	12		-		
Service charges	(59 745 949)	(20 267 452)	(80 013 401)			(80 013 401)	(77 158 091)		2 855 310	96	(5)		-		
Investment revenue		(150 000)	(150 000)			(150 000)	(545 518)		(395 518)	364			-		
Transfers recognised - operational	(29 948 000)		(29 948 000)			(29 948 000)	(29 948 000)		-	100	-		-		
Other own revenue	(17 634 174)	(656 028)	(18 290 202)			(18 290 202)	(15 931 157)		2 359 045	87	(13)		-		
Total Revenue (excluding capital transfers and contributions)	(117 110 998)	(21 073 480)	(138 184 478)	-	-	(138 184 478)	(134 528 668)	-	3 655 810	97	(3)	-	-	-	-
Employee costs	49 054 272	4 655 955	53 710 227		(2 507 981)	51 202 246	42 248 843		(8 953 403)	83	(18)		-		
Remuneration of councillors	5 280 157		5 280 157		(1 903 683)	3 376 474	3 396 313		19 839	101	0		-		
Debt impairment	1 136 072		1 136 072			1 136 072	976 392		(159 680)	86	(14)		-		
Depreciation & asset impairment	6 425 680		6 425 680			6 425 680	18 527 847		12 102 167	288	188		-		
Finance charges	1 535 663	434 486	1 970 149		94 852	2 065 001	2 065 001		0	100	0		-		
Materials and bulk purchases	55 155 294	(5 111 278)	50 044 016		2 903 301	52 947 317	60 282 641		7 335 324	114	13		-		
Transfers and grants	2 375 000	5 705 678	8 080 678		(1 873 686)	6 206 992	4 409 231		(1 797 761)	71	(76)		-		
Other expenditure	27 212 862	6 151 542	33 364 404		3 287 197	36 651 601	31 158 076		(5 493 525)	85	(20)		-		
Total Expenditure	148 175 000	11 836 383	160 011 383	-	-	160 011 383	163 064 344	-	3 052 961	102	2	-	-	-	-
Surplus/(Deficit)	31 064 002	(9 237 097)	21 826 905	-	-	21 826 905	28 535 676	-	6 708 771	131	22	-	-	-	-
Transfers recognised - capital	(24 072 000)	12 033 000	(12 039 000)			(12 039 000)	(15 557 232)		(3 518 232)	129	15		-		
Contributions recognised - capital & contributed assets	16 083 762	3 000	16 086 762		-	16 086 762	13 142 134		(2 944 628)	82	(18)		-		
Surplus/(Deficit) after capital transfers & contributions	(7 988 238)	12 036 000	4 047 762	-	-	4 047 762	(2 415 098)	-	(6 462 860)	-	-	-	-	-	-
Share of surplus/ (deficit) of associate			-			-	-		-				-		
Surplus/(Deficit) for the year	23 075 764	2 798 903	25 874 667	-	-	25 874 667	26 120 578	-	245 911	101	1	-	-	-	-
Capital expenditure & funds sources															
Capital expenditure															
Transfers recognised - capital	12 036 000	3 000	12 039 000			12 039 000	12 039 000		-	100	-		-		
Public contributions & donations									-				-		
Borrowing									-				-		
Internally generated funds	4 047 762	-	4 047 762		(2 007 991)	2 039 771	1 103 134		(936 637)	54	(23)		-		
Total sources of capital funds	16 083 762	3 000	16 086 762	-	(2 007 991)	14 078 771	13 142 134	-	(936 637)	154	(23)	-	-	-	-
Cash flows															
Net cash from (used) operating							8 975 724						-		
Net cash from (used) investing							(9 071 188)						-		
Net cash from (used) financing							(4 234 449)						-		
Cash/cash equivalents at the year end							(4 329 912)						-		

APPENDIX E2

Reconciliation of Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2011/2012											2010/2011			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorise d expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue - Standard															
Governance and administration															
Executive and council	(9 801 634)	(123 392)	(9 925 026)			(9 925 026)	(11 254 892)		(1 329 866)	113	14			-	
Budget and treasury office	(30 867 927)	(554 481)	(31 422 408)			(31 422 408)	(32 145 666)		(723 258)	102	2			-	
Corporate services			-			-	-		-	-	-			-	
Community and public safety															
Community and social services	(88 479)		(88 479)			(88 479)	(91 913)		(3 434)	104	4			-	
Sport and recreation			-			-	-		-	-	-			-	
Public services			-			-	-		-	-	-			-	
Housing			-			-	-		-	-	-			-	
Health			-			-	-		-	-	-			-	
Economic and environmental services															
Planning and development	(37 731 543)	11 904 845	(25 826 698)			(25 826 698)	(24 309 941)		1 516 757	94	(4)			-	
Road transport	(2 947 466)		(2 947 466)			(2 947 466)	(5 125 396)		(2 177 930)	-	-			-	
Environmental protection			-			-	-		-	-	-			-	
Trading services															
Electricity	(54 339 329)	(18 014 472)	(72 353 801)			(72 353 801)	(70 602 963)		1 750 838	98	(3)			-	
Water			-			-	-		-	-	-			-	
Waste water management			-			-	-		-	-	-			-	
Waste management	(5 406 620)	(2 252 980)	(7 659 600)			(7 659 600)	(6 555 128)		1 104 472	86	(20)			-	
Other															
Total Revenue - Standard	(141 182 998)	(9 040 480)	(150 223 478)			(150 223 478)	(150 085 899)		137 579	100	(0)			-	
Expenditure - Standard															
Governance and administration															
Executive and council	25 785 111	945 966	26 731 077			26 731 077	40 072 425		13 341 348	150	52			-	
Budget and treasury office	27 538 443	9 881 134	37 419 577		(2 243 082)	35 176 495	23 011 547		(12 164 948)	65	(44)			-	
Corporate services	8 810 577	636 001	9 446 578		(755 497)	8 691 081	6 291 012		(2 400 069)	72	(27)			-	
Community and public safety															
Community and social services	1 193 441	111 546	1 304 987		-	1 304 987	396 168		(908 819)	30	(76)			-	
Sport and recreation	3 170 708	114 120	3 284 828			3 284 828	2 822 240		(462 588)	86	(15)			-	
Public services			-			-	-		-	-	-			-	
Housing	27 000		27 000			27 000	2 168		(24 832)	8	(92)			-	
Tourism	625 646		625 646			625 646	403 264		(222 382)	-	-			-	
Economic and environmental services															
Planning and development	23 522 158	(3 804 974)	19 717 184		787 455	20 504 639	28 071 083		7 566 444	137	32			-	
Road transport	7 888 469	1 175 000	9 063 469		(21 389)	9 042 080	8 150 995		(891 085)	-	-			-	
Environmental protection			-			-	-		-	-	-			-	
Trading services															
Electricity	42 504 464	707 483	43 211 947		2 232 513	45 444 460	44 536 240		(908 220)	98	(2)			-	
Waste management	7 108 983	2 070 106	9 179 089		-	9 179 089	9 307 204		128 115	101	2			-	
Other															
Total Expenditure - Standard	148 175 000	11 836 382	160 011 382		-	160 011 382	163 064 345		3 052 963	102	2			-	
Surplus/(Deficit) for the year	6 992 002	2 795 902	9 787 904	-	-	9 787 904	12 978 445	-	3 190 541	202	2	-	-	-	

APPENDIX E 3

Reconciliation Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2011/2012											2010/2011			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue by Vote															
VOTE : 0001 Assessment Rates Residential	(4 765 699)		(4 765 699)			(4 765 699)	(4 574 450)		191 249	96	(4)			-	
VOTE: 0002 Assessment Rates Industrial	(607 321)		(607 321)			(607 321)	(439 727)		167 594	72	(28)			-	
VOTE: 0003 Assessment Rates Commercial	(1 896 303)		(1 896 303)			(1 896 303)	(2 894 040)		(997 737)	153	53			-	
VOTE: 0004 Assessment Rates Farms	(2 513 552)		(2 513 552)			(2 513 552)	(3 037 685)		(524 133)	121	21			-	
VOTE: 0255 Sundry Income	-	(120 000)	(120 000)			(120 000)	(255 941)		(135 941)	213	-			-	
VOTE: 0258 Tenders	(18 759)		(18 759)			(18 759)	(47 500)		(28 741)	253	153			-	
VOTE: 0259 Commision Old Mutual	-	(3 392)	(3 392)			(3 392)	(5 549)		(2 157)	164	-			-	
VOTE: 0125 Grave Fees	(80 837)		(80 837)			(80 837)	(83 633)		(2 796)	103	3			-	
VOTE: 0081 Membership Library	(7 642)		(7 642)			(7 642)	(8 280)		(638)	108	8			-	
VOTE : 0105 Permits Clearance	(24 276)	(16 174)	(40 450)			(40 450)	(31 732)		8 718	78	(36)			-	
VOTE: 0122 Permits Building Plans	(88 225)	21 837	(66 388)			(66 388)	(117 703)		(51 315)	177	58			-	
VOTE: 0141 Interest - External Investments	-	(150 000)	(150 000)			(150 000)	(545 518)		(395 518)	364	-			-	
VOTE: 0151 Interest - Debtors	(884 715)	(365 285)	(1 250 000)			(1 250 000)	(1 564 984)		(314 984)	125	36			-	
VOTE : 0120 Gain on sale of stands	(13 550 012)		(13 550 012)			(13 550 012)	(8 484 366)		5 065 646	63	(37)			-	
VOTE: 0071 Refuse	(5 406 620)	(2 252 980)	(7 659 600)			(7 659 600)	(6 555 128)		1 104 472	86	(20)			-	
VOTE : 0121 Rentals	(32 242)	(173 014)	(205 256)			(205 256)	(206 071)		(815)	100	3			-	
VOTE: 0041 Electricity - Service charges	(30 571 458)	(11 428 542)	(42 000 000)			(42 000 000)	(43 439 725)		(1 439 725)	103	5			-	
VOTE: 0042 Electricity - New Connections	(71 265)		(71 265)			(71 265)	(67 901)		3 364	95	(5)			-	
VOTE: 0043 Electricity - Connections	(50 658)	(349 342)	(400 000)			(400 000)	(455 870)		(55 870)	114	110			-	
VOTE: 0044 Electricity - Pre Paid	(20 099 574)	(3 631 072)	(23 730 646)			(23 730 646)	(20 581 967)		3 148 679	87	(16)			-	
VOTE: 0045 Electricity - Testing of Meters	(1 061 823)		(1 061 823)			(1 061 823)			1 061 823	-	(100)			-	
VOTE: 0046 Power Cards R30	(2 462 975)		(2 462 975)			(2 462 975)	(1 847 919)		615 056	75	(25)			-	
VOTE: 0047 Power Cards R100	-	(2 605 516)	(2 605 516)			(2 605 516)	(3 275 780)		(670 264)	126	-			-	
VOTE: 0048 Unmetered Meters			-			-	(933 802)		(933 802)	-	-			-	
VOTE: 0052 User Charges	(21 576)		(21 576)			(21 576)			21 576	-	(100)			-	
VOTE : 0161 Traffic - Motor Vehicles	(1 318 798)		(1 318 798)			(1 318 798)	(2 923 496)		(1 604 698)	222	122			-	
VOTE : 0196Traffic - Fines	(1 628 668)		(1 628 668)			(1 628 668)	(2 201 900)		(573 232)	135	35			-	
VOTE : 1295 Unspend Mig Funds			-			-	(3 518 232)		(3 518 232)	-	-			-	
VOTE : 0103 Finance Management Grant	(1 250 000)		(1 250 000)			(1 250 000)	(1 250 000)		-	100	-			-	
VOTE : 0102 Equitable Share	(27 908 000)		(27 908 000)			(27 908 000)	(27 908 000)		-	100	-			-	
VOTE : 0106 Municipal system improvement Grant	(790 000)		(790 000)			(790 000)	(790 000)		-	100	-			-	
VOTE : 1410 Municipal Infrastructure Grant	(12 036 000)	(3 000)	(12 039 000)			(12 039 000)	(12 039 000)		-	100	-			-	
VOTE 1303 Disaster Management Grant	(12 036 000)	12 036 000	-	-	-	-	-	-	-	-	-			-	
Total Revenue by Vote	(141 182 998)	(9 040 480)	(150 223 478)	-	-	(150 223 478)	(150 085 899)	-	137 579	-	(0)	-	-	-	

APPENDIX E 3
Reconciliation Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2011/2012											2010/2011			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Expenditure by Vote to be appropriated															
VOTE : 1001 Basic Scale - Salaries	30 993 249	198 406	31 191 655	-	(3 664 719)	27 526 936	21 605 652		(5 921 284)	78	(19)			-	
VOTE : 1002 Overtime	1 940 455	2 335 075	4 275 530		3 140 546	7 416 076	7 384 997		(31 079)	100	(2)			-	
VOTE: 1003 Prov Annual Bonus							1 059 810								
VOTE : 1004 Annual Bonus	2 171 807	79 898	2 251 705		(71 827)	2 179 878	1 825 516		(354 362)	84	(16)			-	
VOTE : 1005 Standby Allowance	864 836	74 500	939 336		(440 977)	498 359	336 321		(162 038)	67	(19)			-	
VOTE : 1006 Operational Allowance	184 239		184 239			184 239			(184 239)	-	(100)			-	
VOTE : 1009 Acting Allowance	24 504	1 350 570	1 375 074		(36 722)	1 338 352	1 282 390		(55 962)	96	(228)			-	
VOTE : 1010 Leave Payments		1 500	1 500		(1 500)	-			-	-	-			-	
VOTE : 1012 Housing Allowance	474 241	6 408	480 649		(114 298)	366 351	93 158		(273 193)	25	(58)			-	
VOTE : 1013 Travel Allowan	1 582 783	210 247	1 793 030		(11 035)	1 781 995	1 379 534		(402 461)	77	(25)			-	
VOTE : 1017 Tempory Wages/	100 926		100 926		(46 631)	54 295	54 296		1	100	0			-	
VOTE : 1018 Interns	386 177		386 177		(383 297)	2 880	2 880		-	100	-			-	
VOTE : 1021 Contribution - Medical aid Scheme	3 634 175	147 008	3 781 183		(656 648)	3 124 535	1 326 435		(1 798 100)	42	(49)			-	
VOTE : 1022 Contribution - Pension Benefit	5 799 313	43 649	5 842 962		(228 834)	5 614 128	4 376 889		(1 237 239)	78	(21)			-	
VOTE : 1023 Contribution - UIF	260 317	27 129	287 446		28 815	316 261	272 825		(43 436)	86	(17)			-	
VOTE : 1024 Contribution - Group Insurance	623 475	3 016	626 491		(173 983)	452 508	210 974		(241 534)	47	(39)			-	
VOTE : 1029 Levies - Bargaining Council	13 775	49	13 824		(256)	13 568	11 648		(1 920)	86	(14)			-	
VOTE : 4131 Provision Long Serv	-	180 000	180 000		153 129	333 129	1 045 357		712 228	314	-			-	
VOTE : 1051 Allowance - Mayor	467 664		467 664		163 073	630 737	630 737		0	100	0			-	
VOTE : 1052 Allowance - Full Time Councillors	350 747		350 747		127 014	477 761	477 762		1	100	0			-	
VOTE : 1054 Allowance - Other Councillors	1 262 682		1 262 682		112 998	1 375 680	1 375 680		-	100	-			-	
VOTE : 1057 Councilors Allowance Travel	648 320		648 320		(190 213)	458 107	458 107		(0)	100	(0)			-	
VOTE : 1062 Councilors All	2 238 579		2 238 579		(2 120 282)	118 297	118 297		(0)	100	(0)			-	
VOTE : 1064 Contribution - Pension	312 165		312 165		315 892	315 892	315 892		0	100	0			-	
VOTE : 1071 Depreciation	6 425 680		6 425 680		3 727	6 425 680	18 527 847		12 102 167	288	188			-	
VOTE : 1071 Prov Bad Debt	1 136 072		1 136 072			1 136 072	976 392		(159 680)	86	(14)			-	
VOTE : 1101 Furniture & Office Equipment	14 414		14 414			14 414			(14 414)	-	(100)			-	
VOTE : 1102 Repair & Maintenance Vehicles	80 750		80 750		33 503	114 253	114 253							-	
VOTE : 1106 Computer Equip	11 880		11 880			11 880	525		(11 355)	4	(96)			-	
VOTE : 1110 Poverty Alivia	700 000	500 000	1 200 000		(51 260)	1 148 741	1 148 741		1	100	0			-	
VOTE : 1111 Machinery & Eq	1 114 158	1 505 950	2 620 108		60 075	2 680 183	1 879 275		(800 908)	70	(72)			-	
VOTE : 1130 Distribution N	1 060 037		1 060 037		436 552	1 496 589	1 496 589		0	100	0			-	
VOTE : 1138 Tarred Roads	15 173 360	(9 734 360)	5 439 000			5 439 000	15 050 317		9 611 317	277	63			-	
VOTE : 1146 Sidewalks & Pa	29 355		29 355			29 355	1 119		(28 236)	4	(96)			-	
VOTE : 1154 Traffic & Road	250 000		250 000		(227 822)	22 178	21 591		(587)	97	(0)			-	
VOTE : 1158 Streetlights	18 618		135 750		(67 897)	67 853	67 853		(0)	100	(0)			-	
VOTE : 1215 Council Owned Buildings	251 418	2 500 000	2 751 418		(1 283 162)	1 468 256	124 737		(1 343 519)	8	(534)			-	
VOTE : 1220 Council Owned Vehicles	315 847		315 847		(110 396)	205 451	128 478		(76 973)	63	(24)			-	
VOTE : 1310 Consultants	1 347 480		1 347 480		1 411 665	2 759 145	2 759 144		(1)	100	(0)			-	
VOTE : 1251 Bulk Purchases Electricity	34 787 977		34 787 977		2 702 043	37 490 020	37 490 020		0	100	0			-	
VOTE : 1231 Finance Cost	1 535 663	434 486	1 970 149		94 852	2 065 001	2 065 001		0	100	0			-	
VOTE : 1263 Contracted Service Security	3 000 000		3 000 000		1 106 102	4 106 102	4 106 102		0	100	0			-	
VOTE : 1334 Collection Fees	20 000		20 000		32 337	52 337	52 339		2	100	0			-	
VOTE: 0291 Income Forgone	244 739		244 739			244 739			(244 739)	-	(100)			-	
VOTE: 0294 Income Forgone	137 000		137 000			137 000			(137 000)	-	(100)			-	
VOTE : 1284 Study donation	50 000		50 000		(15 359)	34 641	34 641		-	100	-			-	
VOTE : 1285 Mayoral excellence awards	100 000		100 000		56 476	156 476	156 476		0	100	0			-	
VOTE : 1301 Advertising	151 600	31 200	182 800		(28 199)	154 601	104 985		(49 616)	68	(33)			-	
VOTE : 1303 Auditors Fees Internal	950 000	300 000	1 250 000			1 250 000	822 604		(427 396)	66	(45)			-	
VOTE : 1304 Auditors Fees External	1 140 000	1 360 000	2 500 000			2 500 000	1 867 253		(632 747)	75	(56)			-	
VOTE : 1306 Bank Administr	237 500	562 500	800 000			800 000	395 429		(404 571)	49	(170)			-	
VOTE : 1308 Conference & C	10 000		10 000			10 000			(10 000)	-	(100)			-	
VOTE : 1309 Community liason	372 400		372 400		23 826	396 226	396 227		1	100	0			-	
VOTE : 1310 Consultants &	1 800 487	275 908	2 076 395		(403 705)	1 672 690	704 024		(968 666)	42	(54)			-	
VOTE : 1311 Consumable Domestic	259 884	44 583	304 467		38 148	342 615	252 102		(90 513)	74	(35)			-	
VOTE : 1312 Paupers	150 000		150 000		(94 119)	55 881	55 881		(0)	100	(0)			-	
VOTE : 1313 Non capital goods	5 000		5 000		(3 977)	1 023	1 023		(0)	100	(0)			-	
VOTE : 1315 Pest Control	50 000		50 000		(47 035)	2 965	2 965		-	100	-			-	
VOTE : 1320 Entertainment	42 750		42 750		(5 177)	37 573	37 572		(1)	100	(0)			-	
VOTE : 1322 Entertainment Public	42 750	137 250	180 000		368 464	548 464	641 589		93 125	117	218			-	
VOTE : 1325 Fuel	456 272	119 576	575 848		213 748	789 596	708 645		(80 951)	90	(18)			-	
VOTE : 1327 Insurance	626 908	3 500	630 408		15 699	646 107	602 757		(43 350)	93	(7)			-	
VOTE : 1333 Legal	95 000		95 000		175 759	270 759	270 759		0	100	0			-	
VOTE : 1335 License	45 020	3 860	48 880		(9 046)	39 834	36 582		(3 252)	92	(7)			-	

APPENDIX E 3

Reconciliation Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2011/2012											2010/2011			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
VOTE : 1336 License IT	164 633		164 633			164 633	161 906		(2 727)	98	(2)			-	
VOTE : 1337 Special Activities	-	70 000	70 000		(4 497)	65 503			(65 503)	-	-			-	
VOTE : 1338 Interest late payments	-	5 000	5 000		47 253	52 253	52 253		0	100	-			-	
VOTE : 1340 Membership fees	5 130	116 200	121 330		3 024	124 354	123 862		(492)	100	(10)			-	
VOTE : 1341 Membership fees	85 500	214 500	300 000		18 371	318 371	318 372		1	100	0			-	
VOTE : 1347 Postage	124 728	49 500	174 228		40 857	215 085	204 175		(10 910)	95	(9)			-	
VOTE : 1348 Printing & Stationary	642 441	143 000	785 441		133 517	918 958	736 122		(182 836)	80	(28)			-	
VOTE : 1350 Protective closing	325 031		325 031		(100 050)	224 981	200 065		(24 916)	89	(8)			-	
VOTE : 1353 Tourism & Marketing	150 000		150 000			150 000			(150 000)	-	(100)			-	
VOTE : 1358 Rent	23 019	156 981	180 000		79 171	259 171	97 618		(161 553)	38	(702)			-	
VOTE : 1359 IT Lease	1 369 786		1 369 786		(87 614)	1 282 172			(1 282 172)	-	(94)			-	
VOTE : 1360 Rent Mopani	50 000	81 720	131 720		(43 998)	87 722	40 081		(47 641)	46	(95)			-	
VOTE : 1364 Subsistence & Travel	1 195 295	579 262	1 774 557		844 084	2 618 641	2 506 269		(112 372)	96	(9)			-	
VOTE : 1366 Telephone Landline	277 442	224 000	501 442		245 805	747 247	695 416		(51 831)	93	(19)			-	
VOTE : 1367 Telephone Mobile	245 982	924 001	1 169 983		292 813	1 462 796	1 429 489		(33 307)	98	(14)			-	
VOTE : 1368 Training	268 812	222 500	491 312		429 175	920 487	889 176		(31 311)	97	(12)			-	
VOTE : 1369 Youth	70 000		70 000		(63 000)	7 000			-	100	-			-	
VOTE : 1369 Town Establishment		5 000 000	5 000 000		751 935	5 751 935	5 751 936		1	100	-			-	
VOTE : 1369 Valuation Roll	2 500 000		2 500 000		(755 262)	1 744 738	2 160 632		415 894	124	17			-	
VOTE : 1370 Computer Hardware	-		-		57 713	57 713	27 738		(29 975)	48	-			-	
VOTE : 1371 IDP Workshop	43 709		43 709		22 521	66 230	66 230		-	100	-			-	
VOTE : 1372 Grant	-	1 250 000	1 250 000			1 250 000	1 250 000		-	100	-			-	
VOTE : 1373 Grant MSIG	-	790 000	790 000			790 000	790 000		-	100	-			-	
VOTE : 1378 Grap implementation	2 500 000	(2 500 000)	-			-			-	-	-			-	
VOTE : 1380 LED	273 182		273 182		(245 987)	27 195			(27 195)	-	(10)			-	
VOTE : 1389 Workman Compisaton	164 350		164 350		(164 000)	350			(350)	-	(0)			-	
VOTE : 1392 Road	19 000		19 000		(18 901)	99			(99)	-	(1)			-	
VOTE : 1397 Seta	-	250 000	250 000		114 331	364 331	364 332		1	100	-			-	
VOTE : 1398 Medical	23 750		23 750		28 768	52 518	52 519		1	100	0			-	
VOTE : 1399 Zelpy	2 500 000	(2 350 000)	150 000		(150 000)	-			-	-	-			-	
VOTE : 1400 Job Evaluation	156 000		156 000		(80 000)	76 000			(76 000)	-	(49)			-	
VOTE : 1406 Transaction Fees Vehicles	-		-		620 611	620 611	562 087		(58 524)	91	-			-	
VOTE : 1600 Indigents	1 900 000	3 100 000	5 000 000		(1 873 686)	3 126 314	2 261 604		(864 710)	72	(46)			-	
VOTE : 1601 Free Basic	475 000	565 678	1 040 678			1 040 678	107 628		(933 050)	10	(196)			-	
VOTE : 4130 Provision Leave	-	125 000	125 000		1 154 049	1 279 049	1 159 704		(119 345)	-	-			-	
VOTE : 4132 Capital Replacement	4 047 762		4 047 762		(2 007 991)	2 039 771	-		(2 039 771)	-	-			-	
VOTE : 4133 Proviion Pension Benefit	-		-		450 645	450 644	2 050 970		1 600 326	455	-			-	
VOTE : 4135 Proviion Enviromental	-		-		250 168	250 168	250 169		1	100	-			-	
Total Expenditure by Vote	148 175 000	11 836 382	160 011 382	-	-	160 011 382	163 064 345	-	3 052 963	91	-	-	-	-	-
Surplus/(Deficit) for the year	6 992 002	2 795 902	9 787 904	-	-	9 787 904	12 978 445	-	3 190 541	133	(0)	-	-	-	-

APPENDIX E4

Reconciliation Budgeted Financial Performance (revenue and expenditure)

Description	2011/2012											2010/2011			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue By Source															
Property rates	(9 782 875)		(9 782 875)			(9 782 875)	(10 945 902)		(1 163 027)	112	12			-	
Service charges - electricity revenue	(54 339 329)	(18 014 472)	(72 353 801)			(72 353 801)	(70 602 963)		1 750 838	98	(3)			-	
Service charges - refuse revenue	(5 406 620)	(2 252 980)	(7 659 600)			(7 659 600)	(6 555 128)		1 104 472	86	(20)			-	
Rental of facilities and equipment	(32 242)	(173 014)	(205 256)			(205 256)	(206 071)		(815)	100	3			-	
Interest earned - external investments	-	(150 000)	(150 000)			(150 000)	(545 518)		(395 518)	364	-			-	
Interest earned - outstanding debtors	(884 715)	(365 285)	(1 250 000)			(1 250 000)	(1 564 984)		(314 984)	125	36			-	
Fines	(1 628 668)		(1 628 668)			(1 628 668)	(2 201 900)		(573 232)	135	35			-	
Licences and permits	(1 318 798)		(1 318 798)			(1 318 798)	(2 923 496)		(1 604 698)	222	122			-	
Transfers recognised - operational	(29 948 000)		(29 948 000)			(29 948 000)	(29 948 000)		-	100	-			-	
Other revenue	(13 769 751)	(117 729)	(13 887 480)			(13 887 480)	(9 034 705)		4 852 775	65	(35)			-	
Gains on disposal of PPE			-			-			-	-	-			-	
Total Revenue (excluding capital transfers and contributions)	(117 110 998)	(21 073 480)	(138 184 478)	-	-	(138 184 478)	(134 528 668)	-	3 655 810	1 406	148	-	-	-	-
Expenditure By Type															
Employee related costs	49 054 272	4 657 406	53 711 678		(2 508 237)	51 203 441	42 248 843		(8 954 598)	83	(18)			-	
Remuneration of councillors	5 280 157		5 280 157		(1 903 683)	3 376 474	3 396 313		19 838	101	0			-	
Debt impairment	1 136 072		1 136 072			1 136 072	976 392		(159 680)	86	(14)			-	
Depreciation & asset impairment	6 425 680		6 425 680			6 425 680	18 527 847		12 102 167	288	188			-	
Finance charges	1 535 663	434 486	1 970 149		94 852	2 065 001	2 065 001		0	100	0			-	
Bulk purchases	34 787 977		34 787 977		2 702 043	37 490 020	37 490 020		0	100	0			-	
Other materials	20 352 903	(5 111 278)	15 241 625		201 258	15 442 883	22 792 621		7 349 738	148	36			-	
Contracted services	3 000 000		3 000 000		1 106 102	4 106 102	4 106 102		0	100	0			-	
Transfers and grants	2 375 000	5 705 678	8 080 678		(1 873 686)	6 206 992	4 409 231		(1 797 761)	71	(76)			-	
Other expenditure	20 179 514	6 150 090	26 329 604		4 189 342	30 518 946	27 051 974		(3 466 972)	89	(17)			-	
Loss on disposal of PPE			-			-			-	-	-			-	
Total Expenditure	144 127 238	11 836 382	155 963 620	-	2 007 991	157 971 611	163 064 344	-	5 092 733	1 165	100	-	-	-	-
Surplus/(Deficit)															
Transfers recognised - capital	(24 072 000)	12 033 000	(12 039 000)			(12 039 000)	(15 557 232)		(3 518 232)	129	15			-	
Contributions recognised - capital	12 036 000	3 000	12 039 000			12 039 000	12 039 000		-	100	-			-	
Contributed assets	4 047 762	-	4 047 762		(2 007 991)	2 039 771	1 103 134		(936 637)	54	(23)			-	
Surplus/(Deficit) after capital transfers & contributions	(7 988 238)	12 036 000	4 047 762	-	(2 007 991)	2 039 771	(2 415 098)	-	(4 454 869)	283	(9)	-	-	-	-
Taxation															
Surplus/(Deficit) after taxation															
Attributable to minorities															
Surplus/(Deficit) attributable to municipality															
Share of surplus/ (deficit) of associate															
Surplus/(Deficit) for the year	19 028 002	2 798 902	21 826 904	-	-	21 826 904	26 120 578	-	4 293 674	2 854	239	-	-	-	-

APPENDIX E5

Reconciliation Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2011/2012											2010/2011			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Capital expenditure - Vote															
Multi-year expenditure															
Malale Community Hall - Vote7640							584 498		584 498					-	
Construction Sport Centre Madimbo - Vote 7641							946 161		946 161					-	
Sport Centre Nancefield ext 6 - Vote 9646							699 037		699 037					-	
Capital multi-year expenditure sub-total							2 229 695								
Single-year expenditure															
Construction of Community Roads - Vote 76011	5 600 000		5 600 000			5 600 000			(5 600 000)	-	(100)			-	
Construction of Building/Thusong - Vote 7602	1 739 000		1 739 000			1 739 000	1 739 000		-	100	-			-	
Construction Sport Centre Nancefield ext 7 - Vote 7603	4 700 000		4 700 000			4 700 000	4 700 000		-	100	-			-	
Capital single-year expenditure sub-total	12 039 000	-	12 039 000	-	-	12 039 000	6 439 000	-	(5 600 000)	200	(100)	-	-	-	-
Total Capital Expenditure - Vote															
Capital Expenditure - Standard															
Governance and administration															
Executive and council	-	-	-			-								-	
Budget and treasury office	4 047 762	(2 007 991)	2 039 771			2 039 771	1 103 134		(936 637)	54	(23)				
Corporate services			-			-	-		-					-	
Community and public safety															
Community and social services			-			-	-		-					-	
Sport and recreation			-			-	-		-					-	
Public safety			-			-	-		-					-	
Housing			-			-	-		-					-	
Health			-			-	-		-					-	
Economic and environmental services															
Planning and development									-					-	
Road transport			-			-	-		-					-	
Environmental protection			-			-	-		-					-	
Trading services			-			-	-		-					-	
Electricity			-			-	-		-					-	
Water			-			-	-		-					-	
Waste water management			-			-	-		-					-	
Waste management			-			-	-		-					-	
Other															
Total Capital Expenditure - Standard	4 047 762	(2 007 991)	2 039 771	-	-	2 039 771	1 103 134		(936 637)						
Funded by:															
National Government	(24 072 000)	12 033 000	(12 039 000)			(12 039 000)	(12 039 000)		-	100	-			-	
Provincial Government			-			-	-		-					-	
District Municipality			-			-	-		-					-	
Other transfers and grants			-			-	-		-					-	
Transfers recognised - capital			-			-	-		-					-	
Public contributions & donations			-			-	-		-					-	
Borrowing			-			-	-		-					-	
Internally generated funds	(4 047 762)	2 007 991	(2 039 771)			(2 039 771)	(1 103 134)		936 637	54	(23)				
Total Capital Funding	(28 119 762)	14 040 991	(14 078 771)	-	-	(14 078 771)	(13 142 134)	-	936 637	154	(23)	-	-	-	-

APPENDIX E 6
Reconciliation Budgeted Cash Flows

Description	2011/2012								2010/2011
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES	1	2	3	6	7	9	10	11	12
Receipts									
Ratepayers and other	(87 163)	(20 923)	(108 086)	–	(104 035)				
Government - operating	(29 948)	–	(29 948)	–	(28 529)				
Government - capital	(24 072)	12 033	(12 039)	–	(12 039)				
Interest	–	(150)	(150)	–	(546)				
Dividends			–						
Payments									
Suppliers and employees	147 060	2 899	149 959	–	151 626				
Finance charges	1 536	434	1 970	–	2 065				
Transfers and Grants	2 375	5 706	8 081	–	4 409				
NET CASH FROM/(USED) OPERATING ACTIVITIES	9 788	(1)	9 787	–	12 951	–	–	–	–
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE			–						
Decrease (Increase) in non-current debtors			–						
Decrease (increase) other non-current receivables			–						
Decrease (increase) in non-current investments			–						
Payments									
Capital assets	12 039		12 039		(9 071)				
NET CASH FROM/(USED) INVESTING ACTIVITIES	12 039	–	12 039	–	(9 071)	–	–	–	–
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans					207				
Borrowing long term/refinancing					(4 027)				
Increase (decrease) in consumer deposits	–								
Payments									
Repayment of borrowing									
NET CASH FROM/(USED) FINANCING ACTIVITIES	–	–	–	–	(3 820)	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD	21 827	(1)	21 826	–	59				
Cash/cash equivalents at the year begin:					6 107				
Cash/cash equivalents at the year end:					1 777				